

FBIS**DAILY REPORT
CONTENTS***China*

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PRC INTERNATIONAL AFFAIRS

GENERAL

| | |
|--|-----|
| Zhao Ziyang Leaves on Europe-Africa Tour | A 1 |
| Qian Qichen Comments on Tour | A 1 |
| USSR Proposes Special Meeting on SALT II Treaty | A 1 |
| Ulanhu Addresses Meeting on Religion, Peace | A 2 |
| Banquet Marks Success | A 3 |
| Wu Xueqian Meets United Nations Officials | A 3 |
| RENMIN RIBAO Views CPC International Liason Work | A 4 |
| State of U.S.-Soviet Arms Talks Analyzed | A 4 |
| U.S. 'Anxiety' Over Central America Viewed | A 6 |
| [RENMIN RIBAO 21 Jun] | |
| Commentary on U.S. Congressional Aid Decision | A 7 |
| LIAOWANG on Protectionism, World Economy | A 8 |
| [LIAOWANG OVERSEAS EDITION 23 Jun] | |

UNITED STATES

| | |
|--|-----|
| U.S. Claims Sanctions Restraining Libya | B 1 |
| Zhao Ziyang Hosts Dinner for U.S. Professors | B 1 |

WESTERN EUROPE

| | |
|--|-----|
| PRC, Portugal Talks on Macao Turnover Continue | G 1 |
| Portugal Seeks Delay [AFP] | G 1 |
| Ji Pengfei Meets Portuguese | G 2 |
| Joint Communique Issued | G 2 |
| EC Commission President Arrives in Beijing | G 2 |

EASTERN EUROPE

| | |
|---|-----|
| Gorbachev Addresses Polish Party Congress | H 1 |
| GDR Education Minister Honecker Meets PRC Leaders | H 1 |
| Zhao Ziyang | H 1 |
| Hu Yaobang, Hu Qili | H 2 |
| Li Peng Hosts Dinner | H 2 |

PRC NATIONAL AFFAIRS

| | |
|--|-----|
| RENMIN RIBAO Publishes Hu Yaobang Speech [1 Jul] | K 1 |
| RENMIN RIBAO Editorial Views Party Anniversary [1 Jul] | K 4 |
| Veteran Comrades Greet CPC Founding Anniversary | K 7 |
| Shanghai Company Sells Fish to Taiwan | K 7 |
| [CHINA DAILY 30 Jun] | |

| | |
|---|------|
| Wang Binqian Reports on 1985 Final Account | K 8 |
| Changing Policy on Advantages of Overseas Relations [RENMIN RIBAO 24 Jun] | K 13 |
| National Coal Conference Concludes 29 June | K 15 |
| Zhao Ziyang Stresses Development of Coal Industry | K 16 |
| RENMIN RIBAO Urges Criminals To Turn Themselves In [26 Jun] | |
| Bo Yibo Discusses Party Rectification, Membership | K 18 |
| Commentary Advises Companies To Initiate Reform | K 19 |
| Wu Li, Hu Qili Attend Model Party Members Meeting | K 20 |
| Cheng Zihua, Others Commend Outstanding Communists | K 22 |
| 517 Killed, 16,300 Injured From May, June Storms [CHINA DAILY 30 Jun] | K 23 |
| Li Peng Addresses Technology Application Conference | K 24 |
| Urges Advanced Technology | K 24 |
| State Council on Collective Property Transfer | K 25 |
| JINGJI RIBAO on Using Foreign Funds in Power Industry [22 Jun] | K 27 |
| Progress Made in Reorganizing PLA Academies | K 27 |
| Wang Hai on Structural Reform of Air Force | K 28 |
| Defense Industry To Hold International Fair | K 29 |
| PLA Automates Artillery Command System | K 29 |
| Enterprises Urged To Exercise Democratic Management [GONGREN RIBAO 23 Jun] | K 29 |
| Bo Yibo Prefaces Book on Good Party Members | K 31 |
| Youth Federation Congress Opens, Bo Yibo Speaks | K 31 |
| Nie Rongzhen on Political Work in 'New Period' [RENMIN RIBAO 25 Jun] | K 32 |
| S & T Association Chairman Praises Academic Democracy | K 33 |
| Diversity of Modern Socialism Movement Analyzed [GUANGMING RIBAO 16 Jun] | K 35 |
| Crackdown on Counterfeit Trademarks Ordered | K 37 |
| Awards Meeting for Playwriting Held in Changchun | K 37 |
| Foreign Firms Bid for Tianjin Port Expansion | K 38 |

PRC REGIONAL AFFAIRS

EAST REGION

| | |
|--|-----|
| Jiangxi Governor Stresses Economic Reform | O 1 |
| Shandong Issues Circular on Summer Grain Purchases | O 2 |
| Shandong People's Congress Holds Meeting 26 June | O 2 |
| Shanghai Departments Jointly Fight Economic Crime | O 3 |
| Zhejiang's Wang Fang Urges Better Reform Work | O 4 |

SOUTHWEST REGION

| | |
|--|-----|
| Guizhou Leaders Attend Commendation Rally | Q 1 |
| Sichuan Corrects Anomalies, Encourages Rural Entrepreneurs | Q 1 |
| Sichuan Holds Conference on Controlling Purchasing Power | Q 2 |
| Yunnan Meeting Commends Rural Enrichment Units | Q 3 |

NORTHWEST REGION

| | |
|---|-----|
| Gansu Radio Finds Clan Concept 'Intolerable' | T 1 |
| Qinghai Radio Commentary on Professional Ethics | T 1 |
| Shaanxi Governor Urges Support, Protection for Reform | T 2 |
| Shaanxi Party Meeting Discusses Rural Rectification | T 2 |
| Shaanxi: Obstacles to Reform Disrupt Advanced Factory | T 3 |

I. 1 Jul 86

3

CHINA

TAIWAN

Spokesman Comments on U.S. Congress Resolution
Taiwan Not To Play Table Tennis on Mainland
Incident of Mainland Chinese in ROK To Be Resolved

V 1
V 1
V 2

HONG KONG MEDIA ON CHINA

WEN WEI PO Editorial on Soviet 12th 5-Year Plan [27 Jun]

W 1

ZHAO ZIYANG LEAVES ON EUROPE-AFRICA TOUR

OW010602 Beijing XINHUA in English 0554 GMT 1 Jul 86

[Text] Beijing, July 1 (XINHUA) -- Chinese Premier Zhao Ziyang left here by special plane this morning for an official goodwill visit to Romania, Yugoslavia, Greece, Spain, Turkey and Tunisia. Seeing him off at the airport were Vice-Premier Wan Li and State Councillor and Foreign Minister Wu Xueqian.

Qian Qichen, vice-foreign minister who accompanies the premier on the visit, said at the airport that starting from this visit, the Chinese Government has decided to cut short lines of officials seeing off a Chinese leader when he goes abroad.

Other members of the premier's official delegation are Minister in Charge of the State Economic Commission Lu Dong, Vice-Minister of Foreign Economic Relations and Trade Wang Pingqing and Vice-Minister of State Commission for Restructuring Economic System Bao Tong.

Diplomatic envoys of the six countries were also present at the airport to see Zhao Ziyang off.

Qian Qichen Comments on Tour

OW010620 Beijing XINHUA in English 0609 GMT 1 Jul 86

[Text] Beijing, July 1 (XINHUA) -- Chinese Premier Zhao Ziyang will meet with chairman of the executive committee of the Palestine Liberation Organization Yasir 'Arafat during his visit to Tunisia. Vice-Minister of Foreign Affairs Qian Qichen said this at the airport today before he left with the premier on a tour of Romania, Yugoslavia, Greece, Spain, Turkey and Tunisia.

When asked whether Chinese and Soviet foreign ministers will exchange visits in the latter part of this year, Qian said there was no agreement on the exchange of visits for the first half of this year. As to when it will take place, he added, it has not yet been decided. As the Chinese representative, he said, he expected to meet the Soviet delegation at the ninth round of consultations in October in Beijing. As the Chinese representative, he said, he expected to meet the Soviet delegaton at the ninth round of consultations in October in Beijing.

He said Premier Zhao's tour is a return visit to the visits by heads of governments of the above-mentioned six countries. The purpose of Zhao's visit is to deepen mutual understanding, enhance friendship, promote cooperation of mutual benefit and safeguard world peace. He said that the six countries are different in social systems and degree of economic development, and some are aligned while other are not. But they all maintain close, friendly relations with China and their economic relations and trade with China are growing smoothly.

USSR PROPOSES SPECIAL MEETING ON SALT II TREATY

OW301846 Beijing XINHUA in English 1735 GMT 30 Jun 86

[Text] Washington, June 30 (XINHUA) -- The Soviet Union has proposed a special session on the Standing Consultative Commission of Soviet and American Government experts in Geneva next month to discuss the U.S. decision to scrap the SALT II Treaty by the end of this year, THE NEW YORK TIMES reported today, citing government officials.

The commission was set up under the 1972 U.S.-Soviet Anti-Ballistic Missile Treaty to consider disputes about adherence to strategic arms treaties and to deal with other technical arms control matters.

This was the first time the Soviet Union sought a special meeting of the commission, which normally meets twice a year and is not due to meet until late September.

President Reagan announced on May 27 that the United States would no longer abide by the SALT II Treaty because it was "fatally flawed" and has expired as a matter of fact. But he also made it clear that when he makes the final decision by the end of the year, he would take into account changes in Soviet arms control policy.

Recently President Reagan praised the new Soviet proposals in the Geneva arms control talks as the beginning of "serious effort" on the part of the Soviets in reducing nuclear weapons. But he did not make it known whether those proposals would influence future American decisions on exceeding nuclear weapons limits set by the SALT II Treaty.

According to today's issue of THE NEW YORK TIMES, the Reagan administration has not yet decided how to respond to the Soviet proposal for special talks on SALT II. The paper said some officials held a skeptical view that the Soviet move was primarily intended to draw more attention to the U.S. SALT II decision and to press President Reagan to reverse that decision.

ULANHU ADDRESSES MEETING ON RELIGION, PEACE

OW281741 Beijing XINHUA in English 1451 GMT 28 Jun 86

[Text] Beijing, June 28 (XINHUA) -- Chinese Vice-President Ulanhu said here this evening that the Chinese people appreciate the unremitting efforts made by the World Conference on Religion and Peace (WCRP) to safeguard world peace. The Chinese leader made this remark at his meeting with the 100 religious believers attending the WCRP International Council meeting here.

Ulanhu said that over the past years, WCRP has made contributions to opposing arms expansion and war preparations, striving for nuclear arms reduction, opposing racial discrimination, and helping African victims of natural adversities. The current WCRP International Council meeting held in China is an important act of the religious body in striving for world peace and it will promote the friendly exchanges between the religious believers of China and other countries, Ulanhu added.

China has possessed a limited number of nuclear weapons for the sake of its own security, Ulanhu said. But, he pointed out, China has consistently stood for a complete prohibition and thorough destruction of nuclear weapons since it conducted its first nuclear test, and stated that China will never be the first to use nuclear weapons at any time or under any situation.

Ulanhu expressed the belief that a world war may be checked and world peace be safeguarded through the joint efforts of the world people.

He reiterated China's policy on the freedom of religious belief, saying that all the Chinese citizens, regardless of religious believers and non-believers, are politically equal and enjoy equal rights and duties.

Ulanhu supported Chinese religious organizations to strengthen friendly exchanges with foreign religious circles, saying this will promote the friendship between the Chinese people and the people of the rest of the world and promote the development of world peace movement.

Nikkyo Niwano, honorary president of the WCRP, said the meeting was held here in China because the country is a force that can not be neglected in any activity involved in world peace.

Also present on the occasion were Vice-Chairmen of the Chinese People's Political Consultative Conference National Committee Qian Changzhao, Zhou Peiyuan and Zhao Puchu.

After the meeting, the Religious Affairs Bureau of the State Council gave a banquet for the participants.

Banquet Marks Success

OW291519 Beijing XINHUA in English 1452 GMT 29 Jun 86

[Text] Beijing, June 29 (XINHUA) -- Nikkyo Niwano, honorary president of the World Conference on Religion and Peace (WCRP), gave a banquet here this evening to mark the success of its meeting in Beijing, attended by more than 120 representatives of 11 religions from 30 countries and regions. In a toast, he thanked the Chinese side for the support to the meeting. He said: "We pledge in China -- the great country with the Great Wall -- that we will also build a great wall leading to happiness and peace for all mankind."

Zhao Puchu, president of the Buddhist Association of China, said the successful meeting would surely produce an inestimable positive impact on the peace movement as a whole, and the Chinese believers were encouraged by this.

Bainqen Erdini Qoigyi Gyaincain, honorary president of the Buddhist Association of China, and Vice-Chairman of the Chinese People's Political Consultative Conference National Committee Yang Jingren, Qian Changzhao and Zhou Peiyuan attended the banquet.

WU XUEQIAN MEETS UNITED NATIONS OFFICIALS

OW280912 Beijing XINHUA in English 0800 GMT 28 Jun 86

[Text] Beijing, June 28 (XINHUA) -- Chinese State Councillor and Foreign Minister Wu Xueqian today met a delegation from the ad hoc committee of the International Conference on Kampuchea led by Massamba Sarre, chairman of the ad hoc committee and permanent representative of Senegal to the United Nations. Vice-Foreign Minister Qian Qichen had talks with the guests yesterday morning and exchanged views with them on the Kampuchea issue.

The guests arrived here June 26th after attending the ASEAN (the Association of Southeast Asian National) ministerial conference in Manila. Members of the delegation include Miss Edmonde Dever, vice-chairman of the ad hoc committee and permanent representative of Belgium to the U.N., and Kadir Deen, rapporteur of the ad hoc committee and charge d'affaires of the permanent mission of Malaysia to the U.N.

RENMIN RIBAO VIEWS CPC INTERNATIONAL LIAISON WORK

HK290821 Beijing XINHUA Hong Kong Service in Chinese 0603 GMT 29 Jun 86

[Text] Beijing, 29 Jun (XINHUA) -- Today's RENMIN RIBAO carries an article signed by Lian Yan, which states that the CPC's international liaison work has now entered a lively new period. The CPC has now established various forms of links with about 200 communist parties and other progressive and friendly parties.

The article, entitled "A Discussion on the Readjustment and Development of the CPC's International Liaison Work," says that from the day of its founding the CPC started to establish and develop ties and exchanges with foreign communist parties. After the birth of the new China, as the country's ruling party, the CPC further expanded and developed ties and friendship with various communist parties and peoples. By the end of the 1950's, the CPC had established or was maintaining friendly ties with the great majority of the world's communist parties. However, polemics broke out in the international communist movement in the early 1960's, and China then carried out the Great Cultural Revolution; the ties between the CPC and the majority of communist parties were broken.

After the end of the Cultural Revolution in 1976, the CPC changed this abnormal state of affairs and gradually readjusted its guidelines for international liaison work. At the same time, many communist parties expressed their wish to restore ties and contacts with the CPC.

Discussing the CPC's basic principles and policies on handling relations with other communist parties, the article says that the CPC perseveres in developing relations with communist parties and other working-class parties on the basis of Marxism and in accordance the principle of acting independently and retaining the initiative in its own hands, complete equality, mutual respect, and mutual non-interference in internal affairs.

The article stresses that going all out for socialist modernization is China's central task in the new historical period. All the CPC's work, including its international liaison work, must be subordinate to and serve this general goal and task. This represents the Chinese people's fundamental interests and demand, and is also the primary and most important aspect in demand, and is also the primary and most important aspect in undertaking our international obligations. The article goes on to say that preserving world peace and promoting economic cooperation are also important tasks and goals of the CPC's international liaison work.

STATE OF U.S.-SOVIET ARMS TALKS ANALYZED

OW271910 Beijing XINHUA in English 1843 GMT 27 Jun 86

["News Analysis: U.S.-U.S.S.R. Arms Talks Face Test (by Ren Zhengde)" -- XINHUA headline]

[Text] Geneva, June 27 (XINHUA) -- The fifth round of U.S.-U.S.S.R. arms negotiations, which ended here Thursday, has shown some signs of a change in the attitudes of the two sides, but remains as to whether the prolonged arms negotiations will achieve any substantial progress. In the current round of talks, which started on May 8, Moscow put forward several proposals on strategic, intermediate and space weapons control. All these Soviet suggestions except one have been dismissed by Washington as "means of propaganda" and "old offers in new wraps."

However, commenting on the Soviet June 11 proposal, U.S. President Ronald Reagan said for the first time that the Soviet side has begun to make "serious efforts" in arms talks and that it could be a "turning point" in the U.S.-U.S.S.R. relations. The Soviet arms control proposal is a broad-ranged package which, among other things, calls for a 30 percent reduction of strategic weapons by both sides, continuation of the 1972 Anti-Ballistic Missile Treaty for at least 15 years and the limiting of space weapons development to laboratory testing.

What attracts President Reagan to the package is, first of all, that the Soviet Union has re-defined the concept of the strategic nuclear weapons that should be reduced. Previous Soviet proposals defined strategic weapons as those which "can reach the territory of the other side," thus including all U.S. intermediate nuclear weapons deployed in Europe but excluding the Soviet intermediate launchers. In the latest proposal, however, the U.S. intermediate missiles are not included.

Secondly, the Soviet side no longer insists that the United States stop doing research in and testing its Strategic Defense Initiative, nicknamed "star wars" program, but allows the weapons to be developed within laboratories. A Soviet deputy foreign minister said on Tuesday that the U.S. space weapons testing so far has just "reached the threshold," a remark widely interpreted as Soviet acknowledgement that such testing has not gone beyond "laboratory testing."

Thirdly, in previous proposals, the Soviet Union called for a cut of strategic missiles of all types, either ground, submarine or air-based, by at least 40 percent, which would apparently diminish the superiority of U.S. submarine-based missiles. But the 30 percent cut in the new proposal will permit both sides to keep the cream of their nuclear arsenals.

Besides, Moscow now shows more flexibility on the verification of nuclear development, on which the American side has kept pressing it. It now agrees to "on-the-spot" verification and even permits international verification or U.S. surveillance over the Soviet strategic weapons assembly lines.

However, the flexibility showed by Moscow is still far from what the Americans hope for. Therefore, while praising the Soviet proposal, Reagan maintained that Washington cannot accept the proposal "without making any changes." Max Kampelman, U.S. chief delegate to the Geneva arms talks, also said that both sides still have "great and substantial difference."

Observers believed that the endless row between the two superpowers on arms control has focused on the U.S. star wars program. The Soviet proposals, flexible as they are, have been designed to stop or delay the U.S. space weapon development. This purpose is also revealed in the Soviet June 11 proposal calling on both sides to abide by the 1972 ABM treaty which prohibits the deployment of outer space-based weapons.

The United States has, for its part, not given any concession over the star wars issue. Reagan claimed on May 27 that the United States will no longer abide by the U.S.-Soviet second Strategic Arms Limitation Treaty (SALT-II). He was aiming both to clear the way for developing space weapons and to abolish the ABM Treaty in the future.

History has proved that the two superpowers, for their own interests, would make overtures to each other but no concession on vital issues. Therefore, the U.S.-Soviet arms talks have repeatedly got bogged down and yielded no result. This time, observers cautioned, whether the two sides will avoid the old path and turn vocal disarmament into action remains in question.

U.S. 'ANXIETY' OVER CENTRAL AMERICA VIEWED

HK220836 Beijing RENMIN RIBAO in Chinese 21 Jun 86 p 7

["Newletter From America" by Zhang Yunwen: "Central America Peace Talks and U.S. Anxiety"]

[Text] Washington, 18 Jun -- Since the beginning of June, Reagan and White House officials have launched an intensive propaganda offensive on support for the Nicaraguan contras.

President Reagan has demanded on many occasions that the Democrat-controlled House of Representatives speedily pass a bill providing \$100 million in aid for the contras, and has warned that if the passage of this bill is blocked, the House will have to take the responsibility for the ensuing "national security disaster."

The U.S. Administration's bill on providing the Nicaraguan contras with \$100 million was voted down by the House of Representatives on 20 March, but the House will take a second vote on the bill a little later this month. According to the media, the administration's recent words and deeds have been aimed at gaining the support of public opinion to force Congress to pass the bill. However, diplomatic analysts say that this propaganda offensive is obviously closely linked to the administration's "anxiety" over the present situation in Central America.

In the past 2 months, under vigorous stimulation by the Contadora Group, some new progress has been made in the peace process in Central America. The leaders of five Central America countries achieved a smooth meeting and expressed their intention to sign a Central American peace treaty. The foreign ministers of 13 Latin American countries met on 6 June. In order to coordinate the stand of various parties, the Contadora Group put forward new amendment proposals for the peace treaty at this meeting. The Nicaraguan Government expressed satisfaction with the results of the meeting.

This trend has aroused the attention of the United States. In Central America, the United States has consistently tried to use the Nicaraguan contras to keep up the military pressure on that country and force its government to submit. Hence, although the United States has expressed verbal support for the Contadora Group, it has in fact repeatedly blocked the group's goal of signing a Central American peace treaty. While releasing a report on 20 May entitled "Prospects for Containing the Communist Government in Nicaragua," the Pentagon announced that if the United States supported this treaty, that would be equivalent to giving Nicaragua "a license to cheat." The situation would become irreversible in less than 3 years, and the United States would therefore have no choice but to spend \$9 billion a year in beefing up the military strength of its Central American allies, and so on. The U.S. Administration originally estimated that prospects for signing a Central American peace treaty were dim and that the Nicaraguan government would not agree to sign it. However, the signs now are that things may have changed; in these circumstances, congressional resistance to approving the aid bill may be still greater. The moment the five countries sign a peace treaty, the United States will be forced to cut off its aid to the contras and withdraw its military advisers from Central America, thus losing its military influence in the region. This is precisely the reason why certain people in the U.S. Administration are full of anxiety and have stepped up their efforts to drum up support.

Diplomatic observers hold that the United States is facing three possibilities in Central America: 1) Supporting the contras in fighting a protracted and inconclusive war; 2) Directly sending in its troops, thus becoming embroiled in a "Vietnam-style war"; 3) Accepting the Contadora Group scheme and engaging in peace talks. Public opinion says that the third would be "the wisest choice."

However, judging by the Reagan administration's recent words and deeds, U.S. policy on Central America still shows no sign of changing.

COMMENTARY ON U.S. CONGRESSIONAL AID DECISION

OW281447 Beijing XINHUA in English 1430 GMT 28 Jun 86

[Commentary: Central American Peace Process Suffers From U.S. Congressional Decision (by Tang Tianri) -- XINHUA headline]

[Text] Beijing, June 28 (XINHUA) -- The U.S. House's approval of the Reagan administration's 100 million U.S. dollar aid to Nicaraguan rebels has dealt a hard blow at the Contadora Group which is striving to bring peace to Central America.

For the past two years, the Contadora Group, consisting of Mexico, Panama, Colombia and Venezuela, has made some progress in its peace efforts, but the results are far from what is expected and a peace treaty sponsored by the group still cannot be signed.

There are many reasons. But the main one is that the U.S. Government has insisted on a hostile policy against the Nicaraguan Government and given a large amount of military aid to Nicaraguan anti-government forces.

President Ronald Reagan wrote to the Congress in February, seeking approval of an extra 100 million dollars of aid to Nicaraguan rebels, of which 70 million would be spent on military equipment and the rest on logistic support. Secretary of State George Shultz warned that unless the bill was approved, the possibility of sending U.S. troops into Nicaragua could not be ruled out.

However, the U.S. Government's undisguised interference in Nicaragua's internal affairs met strong opposition from both home and abroad. As a result, the bill was passed in the Senate by a slim majority of six votes but rejected in the House by 222 to 210 in March. The approval by 221 to 209 Wednesday, following three-month hard lobbying, has reversed the initial defeat of the U.S. Government over the aid bill.

Reagan's new aid has worsened the already strained relations between the United States and Nicaragua, which launched a strong protest against Washington immediately after the approval of the aid bill.

Complaints by some Latin American countries show that the approval of the bill has discouraged the Contadora Group which has worked on the peace treaty for three years with some progress being made towards its goal.

In aiding the Nicaraguan rebels, Washington has placed itself on the opposite side of peace and therefore is responsible for the deterioration of the situation in Central America.

LIAOWANG ON PROTECTIONISM, WORLD ECONOMY

HK270739 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 25, 23 Jun 86 p 6

[Article by Wei Yanshen: "Oppose Protectionism, Invigorate the World Economy"]

[Text] The current protectionist measures adopted by industrialized countries in the West have seriously undermined the development of the world economy. This has attracted close attention from the people of the world of various circles. Since the seventies, the capitalist world's protectionism has become more and more serious. Trade wars have broken out one after another among the developed countries. Also the developing countries' exports goods to the developed countries have been restricted and discriminated against.

The capitalist world's trade protectionism has a long history. As early as the 18th and 19th centuries, the United States, France, and Germany adopted measures to protect their national industries. But what they protected then were the rising national industries, and they had grounds for adopting such traditional protectionism. By the twenties and thirties, all powers in the West, including the United States, had adopted the super-protectionism through which they vied with each other for overseas markets while monopolizing their domestic ones. This seriously affected the expansion of international markets and the development of international trade.

In 1947, 23 major capitalist countries signed in Geneva the multilateral trade agreement -- the GATT. In a certain sense, the agreement was reached for the sake of resisting protectionism. Since it was put into effect in 1948, the members have held talks on seven occasions on cutting tariffs. It has therefore made some contribution to promoting the development of world trade. From the late seventies, the capitalist world's economy entered the stage of stagnation. In particular, by the end of the seventies and in the early eighties, the capitalist world once again faced a serious crisis. The world market was shrinking and demand fell. Protectionism thus became more rampant and was obviously marked by conservativeness and stubbornness. People generally call it the new protectionism. Its characteristics are:

-- What are being protected by the new protectionism are the declining industries rather than the budding ones.

-- The new protectionism not only builds high trade barriers and puts restrictions on imports, but also sets strict limitations on the export of advanced technological commodities.

-- The major targets of the new protectionism are the newly industrialized countries and all developing countries.

-- The main form taken by the new protectionism is trade barriers rather than tariffs.

Materials provided by the GATT show that countries in the West currently adopt over 900 kinds of measures other than tariff barriers. The proportion of nontariff barriers in the world's trade in manufactured goods increased from 13 percent in 1974 to 40 percent in 1984. This has therefore brought serious consequences to world trade, as well as to the world economy. Outstanding among these are: On the one hand, through bilateral or trade agreements, these countries assign import quotas to sensitive commodities, or share the market by adopting the so-called "conscious export restriction" method; and on the other, through the provision of export subsidies, export credits, as well as rental and tax exemption or reduction, these countries strengthen the competitiveness of their export commodities and, at the same time, adopt such methods as imposing anti-goods-dumping taxes on import commodities so as to prevent others from entering their domestic markets. Furthermore, the nontariff barriers also include setting harsh technological and public health standards for import commodities, formulating complicated examination procedures, controlling the market through compensation trade, and so on.

The protectionism that has recently prevailed among countries in the West and the previously adopted free trade policy share the same and profound political, economic, and social causes. They are the foreign trade policies alternately adopted by capitalist countries in connection with their internal and external political and economic situations at different times. At the beginning of this century, the economic status of Britain in the capitalist world began to decline. Facing an enormous and increasing trade deficit, it could not but gradually lower its banner of "free trade," which had been held high for a century, and then switched to the practice of overall tariff protection. Today's United States is following in the footsteps of the then British Empire.

After World War II, the United States was the nation with the greatest economic strength. The adoption of "free trade" helped it break through other countries' tariff barriers and helped it continue to carry out a policy of expansion. On the other hand, its strength was sharply weakened in many areas, and it encountered competition and challenge from other developed countries and some new developing countries. It therefore depended on protectionist policies to protect its vested interests. In 1971 the United States faced its first trade deficit in 80-odd years. In the eighties, its foreign trade deficit snowballed and reached a record level. Between 1980 and 1985, the foreign trade deficit increased by about four times, from \$36 billion to \$150 billion. People generally held that this was an important sign representing a reduction in U.S. economic strength, as well as the significant background for causing protectionism to prevail.

At present, the protectionism adopted by the developed countries against the developing countries is most obvious in the area of textile trade. In 1973, the developed countries signed the multifiber agreement with over 40 developing countries (regions). Under certain circumstances, the developed countries are allowed to impose temporary quotas on textile imports. Later, the United States acted in accordance with the multifiber agreement and signed over 30 bilateral textile agreements with the developing countries. Most textiles and garments exported by the developing countries to the United States were under strict restrictions. But this did not satisfy the United States. Beginning from December 1983, it further announced the "new provisions for regulations on the place of origin" and levied the so-called "antisubsidies tax" on the developing countries' textile exports to the United States.

The United States announced at the beginning of this year that beginning from 9 March, all imported textiles and garments must have a "formal import" document. It also nullified the small-quantity textile import tariff exemption status of Hong Kong and 24 other countries and regions.

This year, the United States has worked out new protectionist measures and plans one after another, including:

Since the beginning of this year, the United States has informed Hong Kong, Taiwan, and South Korea about revising the bilateral agreements on exporting textiles to the United States. It froze the textile export quotas of these areas for future years at last year's levels. In addition, it included in the bilateral agreements silk fabrics and linen fabrics which were originally not within the framework of the multifiber agreement.

In early April, the United States announced that any country whose export goods accounted for more than half the U.S. import volume would no longer enjoy the generalized system of preferences.

In late May, the U.S. House of Representatives adopted a new bill on trade protectionism. It urged the U.S. Government to hold talks with its major trading partners who enjoy a favorable balance of trade with the United States. It also urged the U.S. Government to take retaliatory measures against countries and regions which do not observe U.S. trade regulations. The United States asked Japan, the FRG, and Taiwan to cut their favorable balance of trade by 10 percent per year. Otherwise, the United States would impose import quotas and set up tariff barriers against their products.

Over the years, the adoption of trade protectionism by the West has seriously affected the development of the world economy and trade. With the impact of protectionism, as well as slow and sluggish economic growth, the annual growth rate of the world export volume of manufactured goods dropped from 11 percent in 1960-73 to 4.5 percent in 1976-83. At present, trade in manufactured goods accounts for more than 50 percent of the world's trade volume and over 70 percent of it involves trade with the developed countries. This therefore causes world trade to remain sluggish, though the economy of the West is recovering.

In the current whirlpool of protectionism, the exports of developing countries, particularly the manufactured goods-exporting countries, have suffered most. During the period of economic crisis between 1973 and 1975, the economies of these countries declined. But it was a mild crisis and they soon recovered. This was because protectionism at that time was not very serious. In the early eighties, there occurred the worst economic crisis since World War II. Trade protectionism became rampant. Hit repeatedly by export problems and high interest rates, the economies of many developing countries as a whole faced negative economic growth in the export of manufactured goods, which had not been seen for years. They experienced zero economic growth in 1982 and 1983. Though the economy of the West began recovering in 1983, trade protectionism became more rampant. The developed countries have imposed stricter import restrictions on textiles, shoes, and steel.

At the same time, many developing countries (regions) in Asia began relying more in recent years on the U.S. economy. In some areas, over 50 percent of their exports are shipped to the United States. At present, two-thirds of the United States' textile imports come from Asia's new developing countries. Therefore, Asia's developing countries and regions are most affected. It is estimated that the "new provisions on the place of origin of textile imports," which were promulgated in September 1984, have reduced Hong Kong's textile exports to the United States by one-seventh. The annual loss totaled HKD 2.2 billion. This may also deprive over 60,000 textile workers of their jobs.

In 1985, the economy of the West was in the process of recovering. But since the U.S. economic growth rate was small and it reduced its import volume and actively engaged in protectionism, the exports of some Asian developing countries and regions were reduced, and their economies experienced sluggish or retrogressive development.

Since World War II the developed countries have relied more on the developing countries in economic terms. Being the developed countries' sources of raw materials, commodity sales markets and places of investment, the developing countries have strengthened their roles rather than weakening them. But now the developed countries are trying to shift their crisis on to the developing countries by adopting trade protectionism and so on, and to improve their economic situation at the expense of the Third World's interests.

This can only be an act of killing the goose that lays the golden eggs, and the developed countries will eventually stew in their own juice.

U.S. CLAIMS SANCTIONS RESTRAINING LIBYA

OW010128 Beijing XINHUA in English 0111 GMT 1 Jul 86

[Text] Washington, June 30 (XINHUA) -- The United States claimed today it has completed implementing economic sanctions against Libya that have put "great restraint" on Libyan leader Mu'Ammar al-Qadhafi. An executive order issued January 7 banned all trade by U.S. citizens with Libya because the government accused Libya of sponsoring terrorism. After its April 14 bombing raid on Libya, the United States again demanded all American companies should pull out from Libya by June 30.

U.S. Undersecretary of State Michael Armacost told reporters today: "The stated and clear objective was to prevent any -- even inadvertent -- American material support" to Libya.

Armacost said the United States "is determined to sustain maximum pressure on the Libyan Government" and will "continue to press others (U.S. allies) to take actions in a similar vein." The primary objective, he said, "will be to reduce as much as possible Libyan oil revenues." Armacost said with American companies terminating Libyan operations today, "We've made major strides toward achieving that objective." Henceforth, "There will be no participation in our contribution by such companies to the Libyan economy."

The undersecretary said the European community and the seven industrialized countries that met in May for the Tokyo summit have indicated a willingness to join the United States in taking measures against Libya. According to Armacost, U.S. allies are cutting back commercial and trade ties with Libya, and European nationals have been leaving Libya in large numbers. He said it is premature to claim that Al-Qadhafi has been dissuaded from pursuing his hard-line stance, but Armacost said the United States believes "the measures that we have taken have been felt."

One senior State Department official confirmed that all American companies have ceased operations in Libya as of June 30. He acknowledged there may be individual Americans still in Libya, "but they're there in violation of our law at this point." The official claimed that terrorist actions in the Middle East and the Mediterranean area have decreased, attributing it in part to the U.S. attack against Libya and in part to the impact of expulsions of Libyan people's bureau personnel from Europe.

Asked whether the United States is considering a naval blockade against Libya, the senior official said, "That isn't right on the top of our agenda at this point. But we keep our options open with respect to Mr. Al-Qadhafi."

ZHAO ZIYANG HOSTS DINNER FOR U.S. PROFESSORS

OW301820 Beijing XINHUA in English 1427 GMT 30 Jun 86

[Text] Beijing, June 30 (XINHUA) -- Chinese Premier Zhao Ziyang hosted a dinner here this evening for four professors from the United States and their wives. The four professors are Gregory Chow of Princeton University, Anthony Koo of the University of Michigan, John Fei of Yale University, and Lawrence Lau of Stanford University.

PRC, PORTUGAL TALKS ON MACAO TURNOVER CONTINUE

Portugal Seeks Delay

HK300821 Hong Kong AFP in English 0712 GMT 30 Jun 86

[By Lawrence MacDonald]

[Excerpt] Beijing, June 30 (AFP) -- Portugal will seek to delay Macao's transition to Chinese administration as long as possible, an informed Portuguese source said here Monday as the two sides began talks on future of the 430-year-old enclave.

Portugal's emissaries hoped to persuade China it would be in the best interests of both sides if Lisbon continued to administer Macao for several years after 1977, the year neighbouring Hong Kong is set to revert to China, the source said. Lisbon would like to prolong its administration of Macao in a belated bid to use the territory as a base for expanding Portugal's investment, trade and cultural presence in east Asia, a Portuguese source said.

Chinese Prime Minister Zhao Ziyang told Portuguese President Ramalho Eanes during a May 1985 visit here that China sought to resume administration of the former trading outpost at the same time as Hong Kong. China considers rapid conclusion of the Macao talks a stepping stone on the road to national reunification, with Taiwan the largest and most difficult prize to obtain, analysts said.

A source close to the Portuguese negotiating team said it would adopt delaying tactics in an effort to prolong the talks up to one year, while China was expected to push for a smooth, quick conclusion.

Usually well-informed Chinese sources said the two sides were likely to meet once a month, finishing the talks in half a year.

China's top negotiator on the issue, Deputy Foreign Minister Zhou Nan, declined in a recent interview with a Portuguese journalist to comment on China's preferred date for resumption of administration, saying that such details would be discussed in the talks. The two-day round which began Monday morning was to include an evening followed by a second meeting Tuesday, Chinese officials said.

Lisbon's push for a late transition reflected Macao businessmen's hopes that a few years of Portuguese administration beyond 1997 would help them temporarily attract capital from Hong Kong investors anxious over the transition to Chinese rule, Portuguese sources said.

Despite being the first Western nation to send traders to Asia more than 400 years ago, Portugal lags far behind its European neighbours in trade and cultural links with China and other parts of Asia.

China has said that the "one country, two systems" formula which would allow Hong Kong to retain its capitalist way of life would be applied in Macao.

Portugal was also expected to request that talks be held alternately in Beijing and Lisbon as a reflection of the good relations between the two countries and the special nature of the Portuguese presence in Macao, a Portuguese source said.

Ji Pengfei Meets Portuguese

OW301422 Beijing XINHUA in English 1355 GMT 30 Jun 86

[Text] Beijing, June 30 (XINHUA) -- Ji Pengfei, state councillor and director of the Hong Kong and Macao Affairs Office under the State Council, today told the Portuguese Government delegation that the Macao issue was left over from history, and the two sides should adopt a forward-looking approach to it.

During a 30-minute meeting at the Diaoyutai State Guesthouse late this afternoon, Ji welcomed the Portuguese Government delegation led by Rui Medina with Portuguese Ambassador to China Octavio N. Valerio as adviser, which arrived June 27 for the first round of Sino-Portuguese talks on the issue of Macao. Ji said it was of vital importance for China and Portugal to settle the Macao issue, adding that Medina was carrying out an important mission.

When Ji and Medina walked out of the room at the end of the meeting, a Hong Kong reporter asked Ke Zaishuo, a member of the Chinese Government delegation, how the talks fared. Ke replied: "the atmosphere was friendly and harmonious." Later, Ji gave a banquet for the Portuguese delegation. The Chinese Government delegation headed by Vice-Foreign Minister Zhou Nan was present.

Joint Communique Issued

OW010821 Beijing XINHUA in English 0815 GMT 1 Jul 86

[Text] Beijing, July 1 (XINHUA) -- China and Portugal will hold the second round of talks in September 1986 in Beijing and the two sides were satisfied with the results of the first round of talks which ended here today. This was disclosed in a press communique issued here this afternoon.

The full text of the communique reads as follows:

The government delegation of the People's Republic of China and the government delegation of the Republic of Portugal held the first round of talks on the settlement of the Macao question on 30 June and 1 July 1986. The talks proceeded in a friendly and cordial atmosphere. In addition to reaching agreement on the general agenda of the talks, the two sides had an exchange of views on some matters of substance. The two sides expressed satisfaction on the results of the first round of talks and decided to hold the second round of talks in September 1986 in Beijing.

EC COMMISSION PRESIDENT ARRIVES IN BEIJING

OW010626 Beijing XINHUA in English 0613 GMT 1 Jul 86

[Text] Beijing, July 1 (XINHUA) -- Jacques Delors, president of the Commission of the European Communities, flew into Beijing at noon time today for a five-day official visit at the invitation of the Chinese Government. This is his first visit to China since he became the commission president in January 1985.

Accompanying him are Mme. Delors and Emile Noel, secretary-general of the commission. Among those who welcomed them at the airport was Wu Xueqian, state councillor and foreign minister, who is expected to hold talks with Delors this afternoon. Acting Premier Wan Li will give a banquet in his honor in the evening.

CORBACHEV ADDRESSES POLISH PARTY CONGRESS

OW301836 Beijing XINHUA in English 1532 GMT 30 Jun 86

[Text] Warsaw, June 30 (XINHUA) -- Soviet leader Mikhail Gorbachev today accused the United States of obstructing repeated Soviet disarmament proposals and showered praises on Polish leader Wojciech Jaruzelski for defending the cause of socialism in Poland during the Solidarity turmoil.

Gorbachev, who was addressing the 10th Congress of Poland's ruling United Workers' Party, said that despite recent Soviet and Warsaw Pact calls for East-West troop cuts in Europe and for conventional and nuclear arms limitation, "The cause of disarmament did not budge by even a single millimeter because of the American Administration's open obstruction." He added that worse still, U.S. President Ronald Reagan's recent threat to go beyond the limits of the SALT-2 strategic arms accord has "removed the final brakes" upon the arms race.

Gorbachev warned, "We shall mostly resolutely repulse the adventuristic, destructive actions of the United States. American imperialism must not be permitted to shape the destiny of the world as it sees fit."

He also said that other NATO countries, which claimed to have distanced themselves from the dangerous extremes of the U.S. policy, have ultimately bowed to the pressure from across the Atlantic and therefore share the responsibility for the intensification of the arms race.

Gorbachev declared that he stands for dialogue, "but this should be a dialogue in which both sides wish to achieve real results." "One should not allow the talks to be turned into a smokescreen covering up the arms race," he added.

The Soviet leader used the Polish party forum to urge the West to give serious consideration to the Soviet proposals on liquidating medium-range nuclear missiles and reducing conventional armaments. Only then will the possibility of substantially easing the tension on the continent arise, he noted.

In his 40-minute speech, Gorbachev gave a strong endorsement of the policies of the Polish leadership during the turbulent Solidarity period in the early 1980s. He said that Poland owes a lot to its outstanding leader Wojciech Jaruzelski for his energy, political insight and ability to find solutions to very complex problems and uphold firmly the cause of socialism.

Gorbachev said close cooperation and alliance between Poland and the Soviet Union are indispensable for the successful development of the two countries and for peace and stability in Europe.

GDR EDUCATION MINISTER HONECKER MEETS PRC LEADERS

Zhao Ziyang

OW271746 Beijing XINHUA in English 1543 GMT 27 Jun 86

[Text] Beijing, June 2 (XINHUA) -- Premier Zhao Ziyang said here today that China and the Democratic Republic of Germany should and could develop their friendship and co-operation.

In a meeting with Mrs. Margot Honecker, minister of national education of the German Democratic Republic, Zhao said both countries are making efforts to safeguard world peace, conduct socialist construction and improve living standards. "These common points can bring us together," Zhao said. "The strengthening of friendly co-operation between the two countries is in the interest of our two peoples, and is conducive to world peace."

He said China attaches great importance to its relations with Democratic Germany, and is pleased with the development of these relations in recent years. "We have studied and agreed with the recent assessment of bilateral relations made by Erich Honecker, general secretary of the Socialist Unity Party of Germany," Zhao said. The two countries could make use of much of each other's experiences in socialist construction. Both sides could develop co-operation not only in education but also in politics, economic matters, culture, science and technology. Democratic German comrades are welcome to visit China.

Zhao spoke highly of the achievements of Democratic Germany's education system from which China could learn a lot. He said China had made deviations in education, and now the whole nation has realized that education is a fundamental part of the modernization program.

Lessons drawn from the past would ensure that educational reform and development proceeded smoothly.

Mrs. Honecker said China and Democratic Germany have many things in common in socialist construction, and need a peaceful international environment in which to build. She said she hoped to see an all-round strengthening of co-operation between the two countries, and that China would find benefits in educational reform.

Zhao asked her to convey his best regards as well as those of other Chinese leaders to Erich Honecker, and Mrs. Honecker also conveyed General Secretary Honecker's regards to Chinese leaders. Present at the meeting was Vice-Minister of the State Education Commission He Dongchang.

Hu Yaobang, Hu Qili

OW301206 Beijing XINHUA in English 1157 GMT 30 Jun 86

[Text] Beijing, June 30 (XINHUA) -- Hu Yaobang, general secretary of the Chinese Communist Party Central Committee, met here today Margot Honecker, minister of national education of the German Democratic Republic. Hu exchanged views with Honecker on relations between the two countries and the two parties, and on some international issues. He said that China attaches great importance to developing relations with all countries in Europe. Hu expressed satisfaction with the development of relations between China and the German Democratic Republic in recent years, adding that he wished to further the bilateral relations of cooperation in various fields. Hu Qili, member of the Political Bureau and Secretariat of the Chinese Communist Party Central Committee, was present at the meeting.

Li Peng Hosts Dinner

OW281152 Beijing XINHUA in English 1136 GMT 28 Jun 86

[Text] Beijing, June 28 (XINHUA) -- Li Peng, Chinese vice-premier and minister in charge of the State Education Commission, met Margot Honecker, minister of national education of Democratic Germany and her party here today. Later Li gave a dinner in their honor at the State Guesthouse.

RENMIN RIBAO PUBLISHES HU YAOBANG SPEECH

HK011135 Beijing RENMIN RIBAO in Chinese 1 Jul 86 p 1

["On The Question of Correctly Handling Two Different Types of Contradictions Within the Communist Party" -- speech by Hu Yaobang, 9 April 1986; capitalized passages published in boldface]

[Text] A correct handling of the two different types of contradictions within the party is, in my view, a vital subject in party building.

We must not forget that at the peak of his theoretical work to develop Marxism, Comrade Mao Zedong wrote a brilliant theoretical essay -- "On Contradiction" -- which expounded on the fundamental method for understanding the world. He said that contradictions characterize the process of the development of all things, which develop by the movement of their internal contradictions. Nothing exists without contradictions. Our party has developed and advanced by resolving contradictions. If there were no contradictions in the party and no ideological struggles to resolve them, party life would come to an end.

Some of our comrades, especially some young comrades, are not always able to apply in practice this basic theory for understanding and transforming the world. They often fear contradictions consciously or unconsciously and try to avoid them or cover them up. Therefore, they often put themselves in a passive position and are at a loss what to do.

Comrade Mao Zedong in another theoretical essay in the 1950s put contradictions in socialist society into two categories. This was also a brilliant concept. But, first, although he dealt with the successful historical experience in resolving contradictions within the party by using correct methods, he failed to expound further on the contradictions within the party in new historical conditions; secondly, although he pointed out in his essay "On Contradiction", that a contradictions within the party were either antagonistic or non-antagonistic and stressed this repeatedly from that time on, in his later years he himself badly confused the two types of contradictions, especially those differing in nature within the party, and put many things upside down; this led to his launching of "Cultural Revolution" that brought catastrophe to the party and the state and which could otherwise have been avoided.

Contradictions in the party in general must be treated carefully. They deserve especially careful treatment now when we are carrying out a series of reforms.

In line with Comrade Mao Zedong's lines of thinking and current practice, I think we can classify the many contradictions common within the party into two categories according to their content and manifestations: contradictions among different opinions regarding understanding and work, and contradictions between individual interests and those of the party and the people.

NOW FOR THE FIRST TYPE -- DIFFERENCES RELATED TO UNDERSTANDING AND WORK.

Revolutionary work is extremely arduous. By and large, contradictions among different ideas and opinions are common and errors in work can hardly be avoided during the long process of struggle.

Building socialism is even more arduous because there is no successful experience for reference. Therefore our party must adopt correct principles and policies by pooling the wisdom of the whole party while responding to the contradictions arising from differences in understanding and work.

Unfortunately, Comrade Mao Zedong was not good at dealing with such contradictions within the party in his later years. As a result, an atmosphere was created of rejecting different views, and correct opinions that differed somewhat with his or on the contrary were even regarded as "right deviation", "following the capitalist road" or "anti-party".

After drawing serious lessons from this mistake, our party adopted an entirely different approach toward the treatment of different views that inevitably often appear in understanding and work. One, every major policy decision is made after a repeated exchange of views. Two, party members are allowed to air their opinions freely and criticize anyone at party meetings and this right is protected even if the opinions and criticism are wrong. Three, those who make this or that mistake in work provided they have done their best, are allowed to correct. And four, those who do not favor the principles and policies adopted by the CPC Central Committee but strive to carry them out in their work instead of violating them are allowed to keep their reservations.

Differing views about work and understanding within the party, generally speaking, are not antagonistic contradictions. Is it possible for these to become antagonistic contradictions? Of course, the possibility exists. This is possible when one not only has ideological reservations but in work also resists the principles and policies adopted by the party Central Committee, or when one spreads outside party organizations ideas and policies antagonistic to those of the party Central Committee. In so doing a person is violating organizational principles and the party discipline. Only under such circumstances should the contradiction be described as of an antagonistic nature and should the person face disciplinary actions or even be expelled from the party.

WHAT ABOUT THE OTHER TYPE OF CONTRADICTIONS WITHIN THE PARTY -- THOSE BETWEEN INDIVIDUAL INTERESTS AND THOSE OF THE PARTY AND THE PEOPLE?

We require that every party member unconditionally subordinate his or her personal interests to those of the party and the people. This is the fundamental line of demarcation between party members and non-party persons. When we say Communist Party members are the vanguard of the proletariat we mean that they always put the interests of the party and the people above their own at all times in all circumstances and also that they conscientiously and willingly sacrifice their personal interests to protect and bring about the interests of the party and the people if necessary.

This does not mean that party organizations should not be concerned with the individual interests of party members.

Whenever it is possible, the party organizations should look after the individual interests of party members and properly combine their personal interests of party members and properly combine their personal interests with those of the party and the people.

However, it is common to see more than a few party members, especially some party members who are cadres, unable to stand up to the tests.

Some party members pay no attention to the interests of the party and the people and some are apathetic toward the interests of the party and the people and preoccupied with their own interests.

There are even a number of party members who are extremely individualistic and place their personal interests above those of the party and the people. They even go so far as to violate the law and party discipline and abuse their authority to seek personal gain. This manifests a vile behavior at complete variance with the basic stand of a party member.

This type of contradiction, of course, also needs concrete analysis. Numerous ordinary contradictions are not antagonistic in nature and we must not mistake minor errors for major ones and occasional mistakes as incurable. But it must be clear that contradictions are antagonistic in nature between the party and those party members who seriously violate the law and party discipline, abuse their authority to seek selfish gain or advance the small-group interests of their own units or departments at the expense of the interests of the party and the people. This is the line of demarcation. Bearing this in mind, we can distinguish antagonistic contradictions from those arising from different views and mistakes in understanding and work.

In my opinion, the main problem in our party toward the second type of contradictions is that we do not understand it well and lack a clear-cut stand and resolute solution to contradictions of an antagonistic nature, even those that are acute, rather than overdoing things. This is a problem of softness, as Comrade Deng Xiaoping has pointed out. We must strive to overcome this weakness.

Departments under the party Central Committee should take the lead in solving this problem by seriously improving the political life of party organizations at all levels, putting democratic centralism on a sound basis, and strictly enforcing party discipline. To put it bluntly, there is not a healthy political life in some of our party organizations, including a number of party committees at high levels. Personal connections are rampant and the political atmosphere is poor. In other words, vulgarity more than political principle reigns.

Such antagonistic contradictions within the party are radically incompatible with the party's aim, organizational principles and discipline. Such people cannot remain in the party without correction. Those who break the laws of the land must be punished according to law. But while these contradictions are antagonistic they are not necessarily equal to the contradictions between ourselves and the enemy, nor need these people be our enemies on that score. This should be made clear.

Comrade Mao Zedong once called for our state to have "a political situation in which we have both centralism and democracy, both discipline and freedom, both unity of will and personal ease of mind and liveliness." However, such a situation had not been achieved for a long period because of errors in the past.

The situation has been basically changed since the 3d Plenary Session of the 11th Party Central Committee. But it is not easy to carry out fully, consolidate or develop. Overcoming the difficulties in the road ahead and bringing our great cause to victory is closely bound up with creating such a situation. We must strive to bring it into being.

The above is the second part [as published; no further indication given concerning "first part" or additional parts] of the main points of Comrade Hu Yaobang's speech at a work forum on rectification of party style.

RENMIN RIBAO EDITORIAL VIEWS PARTY ANNIVERSARY

OW302230 Beijing RENMIN RIBAO in Chinese 1 Jul 86 p 1

[Editorial: "Advance in the Course of Reform -- in Celebration of the 65th Founding Anniversary of the Communist Party of China"]

[Text] Today is the 65th founding anniversary of the Communist Party of China.

On this brilliant day, the more than 40 million party members, from the revolutionaries of the old generation who joined the party in the 1920's to the young comrades who took the oath under the party flag in the 1980's, all feel an upsurge of emotion in their hearts when reviewing the history of the party and looking into the future of the motherland. The 28 years of experience of blood and fire and 37 years of tests in storms and rains have irrefutably proven that the CPC deserves to be called a great Marxist revolutionary party and the core of leadership for the whole Chinese people.

In 1976 our leaders Mao Zedong, Zhou Enlai, and Zhu De passed away one after another. The hundreds of millions of people burned with anxiety, while foreign observers made speculations of one kind or another with regard to the future of the CPC and China. Under these circumstances, the CPC was not bogged down in chaos and did not collapse after these setbacks but, on the contrary, smashed in one blow the "gang of four" -- a gang that wrecked our country and ruined our people -- and ended a decade of internal turmoil. Shortly afterward, the 3d Plenary Session of the 11th CPC Central Committee was convened, giving rise to a change of vital historical importance. The Chinese nation thus entered a new historical period of vigorous development.

Why has our situation continued to improve year after year since the 3d Plenary Session of the 11th CPC Central Committee? There are many reasons, but the most fundamental one is that our party has resolutely shifted the focus of all its work from "taking class struggle as the key link" to economic construction and unswervingly led the reforms of the economic structure as well as in other fields. If it had only shifted the focus of work but failed to carry out reforms, done nothing to enliven the domestic economy and open to the outside world, and allowed all social and economic activities to remain on the old track of seclusion and ossification, could the situation of our country have developed so quickly and so well as it actually has done since the beginning of reforms? Obviously, the answer is negative. The tremendous achievements in rural reform have provided us with extremely valuable experience. The overall economic structural reform with emphasis on the urban economy will produce even more fruitful results, and these results will be a monument to China's reforms, which will draw worldwide attention.

At present, the situation of reform is very good. Last year the overall reform of the economic structure achieved initial success, bringing about the transition of our product economy to a socialist commodity economy. This year we have been doing the work of consolidation, assimilation, supplementation, and improvement with a view to putting the reforms we have previously made on a sound footing and laying the foundation and paving the way for our reform work in the future. Meanwhile, reforms in the fields of science and technology as well as education are being carried out in a down-to-earth way in line with the decisions of the central authorities. Reforms in the political and cultural fields have shown a new spectacular trend. With full confidence, our party is steering the boat of reform to brave the waves and sail toward the great goal of building socialism with Chinese characteristics.

Comrade Deng Xiaoping pointed out: "Reform is self-improvement of the socialist system. Within a certain scope, there are revolutionary changes in varying degrees." This is a scientific thesis. The on-going reform in all fields is not a revolution in which one class overthrows another. However, it is certainly not less profound, complex, or arduous than those in the past. Economically, in order to increase our productivity, we must continue to develop all types of ownership systems with the system of public ownership as the main one. We must further revitalize the enterprises and establish a market system while strengthening macrocontrol. Politically, we must not only reform resolutely parts of the leadership system and other political systems that are unsuited to the economic base but must also adhere to and improve the people's democratic dictatorship. Culturally, we must not only assimilate all the good points of foreign culture but must also resolutely resist corruption by decadent bourgeois ideas. In short, this is an extremely large and overall project involving all of society. Obviously, it is quite difficult to complete this project.

In order to do a still better job in shouldering the heavy tasks given us by history, we must further strengthen our party ideologically and organizationally and in work style.

Reform is not only a process of a new system replacing the old; it is often a confrontation between new and old ideas. Therefore, it is important to do away with outmoded concepts while fostering new concepts that are suited to the new situation. The decadent bourgeois ideologies, the deep-rooted remnant feudalist ideas, and the concepts of small-scale production no longer play a leading role in our society. However, they still have their own market. Some people still have the habit of following the beaten path, and they are afraid of reform. All these should and can be overcome in the course of carrying out reform by implementing correct policies, broadening education, giving correct guidance, and conducting criticism and self-criticism. The CPC, which shoulders a tremendous responsibility in the new period, has demanded that all party members -- first of all cadres who are party members -- adhere to fostering lofty communist ideas and serving the people in the course of enthusiastically carrying out reform and construction; strive to transform their own subjective world while changing their objective world; resolutely combat all outmoded ideas and concepts that are not compatible with the requirements for carrying out reform; and boldly standing in the van of reform.

In order to healthily carry out reform, we must further rectify party style. Party style will determine whether the party will live or die, whether the nation will rise or fall, and whether the reform will succeed or fail.

While leading the people of the whole country in carrying out reform and developing the four modernizations program over the past few years, our party has conducted party rectification in stages and in groups; paid constant attention to party style; strengthened the development of spiritual civilization; and ensured that the nation forges ahead along a correct path in carrying out reforms and economic construction. After the convocation of the national party conference in September last year and the 8,000-strong rally held by the CPC Central Committee Secretariat in January this year, we have even more vigorously rectified our party style. A situation in which the whole party is paying attention to party style has already taken shape preliminarily. Several unhealthy trends have been basically reversed while major, important cases are under investigation. The leading organs and cadres at all levels have brought about remarkable changes in their thinking and work style. It is our firm belief that our fine party style, which has won ardent support from the people and greatly benefited reform and construction, will definitely be further developed if the whole party persistently and dauntlessly exerts itself.

In order to avoid detours in the course of reform and to triumphantly march forward, we must do a still better job in bringing inner-party democracy into full play and act according to the principle of democratic centralism. The fine situation in the party and in the country over the past few years is inseparable from the efforts made by our party in summing up its past lessons and strengthening democratic practices in the party and in society. In the course of reform, we are taking a path that no one has ever taken before. We are unable to find answers in a book; nor do we have any experience in this regard. In order to correctly understand this boundless realm of necessity step by step, we can only pool the wisdom of the masses. Actually, every important step that we have taken and every significant achievement that we have attained in reform constitute an embodiment of the wisdom and experience of all the party comrades and all the country's people. It can be said that currently, we must exert even greater efforts in giving full play to democracy inside and outside the party and implement the principle of democratic centralism as compared with the past. Our newspaper today has carried an important speech made by Comrade Hu Yaobang entitled "On the Issue of Correctly Handling the Two Different types of Contradictions Within the Party." This speech is of great significance in guiding us to further give full play to democracy, rectify party style, and strengthen party building. All party comrades, especially party cadres, should earnestly study this speech.

In recent years, our party has taken a broad and long-term view; actively and reliably reformed the cadre system; and further helped the leading bodies at all levels become more revolutionary, better educated, professionally more competent, and younger. Millions of cadres of the younger generation at all levels have closely cooperated and smoothly replaced cadres of the older generation. The structural changes of the leading bodies at all levels in age and educational background have created favorable conditions for ideologically and organizationally reforming our party leadership and developing the modernization program. The era of reform is one in which much can be accomplished. We hope that the broad masses of middle-aged and young cadres as well as the old cadres at various leading posts will even more closely unite as one and cooperate with each other; remain humble and prudent; guard against arrogance and rashness; always keep our revolutionary spirit young in promoting healthy trends, maintaining vigor and demonstrating the heroic mettle; and continuously make new contributions.

The country is carrying out reform which will benefit the people and their offspring. It is unrealistic to expect that we will carry out reform without encountering any resistance or experiencing any ups and downs. We naturally should concentrate our efforts and go all out in giving our guidance in order to avoid or make less detours. However, we must not recoil in fear because of this. It was not very easy for us to find the path that we were taking today in building socialism in China. We have paid a tremendous price for it. No matter what kind of setbacks we meet, we must remain firm and unswerving. No matter what kind of difficulties we encounter, we can only forge ahead and not retreat. The history of our party in the past 65 years proves that victory forever belongs to those fighters who dauntlessly fight for the party's correct line.

This year is the first year of implementing the "Seventh 5-Year Plan." We have taken a new step forward in magnificently forging ahead to create a new situation in the development of the socialist modernization program in an overall manner. Let us even more closely unite as one under the leadership of the CPC Central Committee, persistently carry out and promote reform, and continuously add luster to our great CPC and our great socialist motherland by scoring new achievements.

VETERAN COMRADES GREET CPC FOUNDING ANNIVERSARY

OW301121 Beijing XINHUA Domestic in Chinese 1147 GMT 28 Jun 86

[Excerpt] Beijing, 28 Jun (XINHUA) -- On the eve of the 65th founding anniversary of the CPC, some veteran comrades sent messages to party organizations and members of organs directly under the CPC Central Committee, urging them to intensify party building and set a good example for the people throughout the country.

Comrade Deng Yingchao calls for "attaching great importance to and doing a good job in the work of party branches."

Comrade Wang Zhen urges "Communist Party members to play the exemplary vanguard role and party branches to become powerful fighting forces during the new historical period."

Comrade Song Renqiong calls on party branches and members to "set a good example for the people throughout the country with noble mental outlook and fine work style."

Comrade Wang Shoudao hopes that "in commemorating the party's birthday, all party branches and members will carry forward the party's traditions, rectify party work style, intensify party building, and enhance party unity in order to advance the party's cause."

Comrade Kang Keqing calls for "developing the party's fine tradition of seeking truth from facts."

SHANGHAI COMPANY SELLS FISH TO TAIWAN

HK300429 Beijing CHINA DAILY In English 30 Jun 86 p 2

[Text] China Foodstuff Import & Export Corporation Shanghai branch recently signed a contract with Hong Kong businessmen entrusted by Taiwan fisherman for purchase of 30 tons of fresh frozen butter-fish from the mainland. The Shanghai-based LIBERATION DAILY reported it is the first time Shanghai has done business with Taiwan. Five days after the agreement was signed, 23 tons were delivered and the contract was paid in full.

WANG BINQIAN REPORTS ON 1985 FINAL ACCOUNT

OW291101 Beijing XINHUA Domestic Service in Chinese 0740 GMT 28 Jun 86

[Text] Beijing, 28 Jun (XINHUA) -- Report on the 1985 state final account -- delivered by Wang Bingqian, state councillor and finance minister, at the 16th Session of the 6th NPC Standing Committee on 20 June

Committee members: At the Fourth Session of the Sixth NPC in March this year, I presented a "Report on the Implementation of the State Budget for 1985 and on the Draft State Budget for 1986." Now, the state final account for 1985 has been officially completed and, on behalf of the State Council, I herewith submit for your examination a report on the state final account for 1985.

Nineteen eighty-five was a year in which we achieved tremendous progress in socialist construction. Thanks to the concerted efforts of the people of all nationalities, progress in socialist modernization was accelerated in that year and noticeable progress was achieved in production, constitution, and reform. Along with the steady, balanced growth of the national economy, the state financial situation further improved, and both revenues and expenditures increased by a rather big margin over the previous year and achieved a balance.

According to the officially compiled state final account, state revenues in 1985 totaled 186.64 billion yuan, or 121.6 percent of the budgeted figure; state expenditures amounted to 184.478 billion yuan, or 117.9 percent of the budgeted figure. The balance showed a surplus of 2,162 million yuan. Compared against the estimated figures cited in the report to the Fourth Session of the Sixth NPC, it shows an increase of 1,229 million yuan in total revenues, and increase of 1,884 million yuan in total expenditures, and a decrease of 655 million yuan in the balance. The overall situation was good. Some explanations are in order here. The bulk of the surplus came from local authorities, and will be left to their discretion in accordance with state financial control regulations.

Of the revenues for 1985, domestic revenues totaled 183,716 million yuan, or 122.5 percent of the budgeted figure; foreign loans totaled 2,924 million yuan, or 83.5 percent of the budgeted figure. The major revenues were as follows.

1. Tax receipts amounted to 204,079 million yuan, or 125.8 percent of the budgeted figure. The tax receipt quotas were overfulfilled because of increased industrial and agricultural production, expanded commodity circulation, and improved tax collection work. Meanwhile, a large amount of consumer products was imported last year, and revenues from tariffs, imported product tax, and value-added tax increased accordingly.
2. Revenues of enterprises totaled 4,375 million yuan, or 102.1 percent of the budgeted figure. These were revenues turned in by enterprises which had not adopted the system of replacing profit deliveries with tax payments and by a small number of enterprises which practiced a system of assuming responsibility for their own profits.
3. Receipts from state treasury bonds totaled 6,061 million yuan, or 101 percent of the budgeted figure.

4. Funds collected for construction and key energy and transport projects came to 14,679 million yuan, or 122.3 of the budgeted figure. The surplus in this type of income was due to an increase in extrabudgetary funds, which totaled 140 billion yuan last year, an increase of 22 percent over the previous year. The various localities, departments, and units actively turned in their contributions in accordance with regulations to support key state projects.

5. Subsidies for loss suffered by enterprises and for price increase came to 50,702 million yuan, exceeding the budgeted figure. These subsidies were deducted from the total state revenues. Last year's subsidies increased mainly because the state gave proportional subsidies in purchasing grain earlier than in previous years on a per house hold basis, and at a quickened pace. In addition, because of increased prices of some raw and other materials and poor enterprises management, quite a few industrial and commercial enterprises continued to suffer deficits. As a result, subsidies for enterprise deficits also increased.

China's state revenues in 1985 were good. This was the comprehensive result of the great development of China's industrial and agricultural production and the continuous expansion of China's domestic and foreign trade. In 1985, compared with the previous year, total output value of China's industry and agriculture increased 16.4 percent; total volume of commodity retail sales rose 27.5 percent, total volume of import and export trade increased 30 percent. As a result, national income in 1985 increased by 37.01 billion yuan, or 25.2 percent, over the previous year. Allowing for the increase of consumer goods imports and the rise in tariffs following the rapid growth of production in the first half of 1985, the actual increase was 16 percent. Of course, development of production and expansion of circulation do not necessarily mean increased revenues. In 1985, under the leadership of governments at all levels, financial and tax departments firmly grasped the work of collecting revenues. They examined all taxation, financial, and pricing work across the country and achieved very great results. Thanks to efforts made in these few years, China's state revenues have recorded 3 years of steady growth, and its financial situation has further improved. All this once again proves that economy is the foundation and fountainhead of finance. Only if the economy is developed and financial sources are expanded, with the necessary management and supervision, can we reliably ensure increased revenues.

The favorable situation in state revenues in 1985 was also the result of implementing the CPC Central Committee's principle's of invigorating the domestic economy and opening the country to the outside world and of steadily reforming and perfecting the financial and tax systems. Following the completion of the two-stage reform of state enterprises paying taxes instead of delivering profits to the state, we made reforms by perfecting the financial and tax systems.

In 1985, to meet the needs of readjusting the industrial structure and regulating income, the state started to levy some new taxes, reduced the regulatory tax rate for some large and medium-sized state enterprises, increased the depreciation rate for fixed assets, and adopted some measures which helped open the country to the outside world and encouraged technological development and progress.

In addition, to suit the new situation following the tax reform of replacing profit deliveries with tax payments, the state reformed the financial management system and instructed provinces, autonomous regions, and municipalities to "define diverse categories of taxes, and examine and approve revenues and expenditures, with the authorities at various levels each determining their respective responsibilities."

Practice shows that these reforms improved the distribution relationship between the state and enterprises and between the central authorities and local departments, developed the enthusiasm of all sides, and not only helped guarantee the steady increase of state revenues but also invigorated and spurred on enterprises and local departments. The effect was favorable. Take, for example, the profits retained by state enterprises after payment of taxes. Profits in 1985 were estimated at more than 46 billion yuan, an increase of over 10 billion yuan, or about 30 percent, over the previous year. The depreciation funds retained by enterprises in 1985 were estimated to reach 30 billion yuan, an increase of more than 5 billion yuan, or 23 percent, over the previous year.

Of the 1985 total state expenditures, disbursement of funds from domestic sources amounted to 181.554 billion yuan, equivalent to 118.7 percent of the budget. Appropriations for capital construction made from foreign loans totaled 2.924 billion yuan, or 83.5 percent of the budget. The essential breakdown of expenditures is as follows.

1. Appropriations for capital construction amounted to 58.38 billion yuan, or 120.7 percent of the budget. This expenditure exceeded the budget amount mainly because of a relatively big increase in the capital construction expenditure made from local contingency funds in various places. Another reason was that in implementing the budget, the state increased investments in energy, transport, and infrastructural projects to strengthen key construction work and meet the needs of opening to the outside world.

2. Funds expended to tap the potential of existing enterprises, finance their technological transformation, and subsidize the trial manufacture of new products totaled 10.342 billion yuan, or 196.6 percent of the budget. From 1983, basic depreciation funds for enterprises originally under the management of the central financial department have been transferred to the enterprises. Accordingly, the amount of funds appropriated by the Central Financial Department was reduced. In the actual implementation of the budget, however, all localities and departments increased expenditures to promote the enterprises' technological transformation and to enable them to make technological advance. This accounted for the rather large extrabudgetary expenditure.

3. Aid to rural production and various operating expenses for agriculture came to 10.104 billion, or 107.5 percent of the budget. One reason for this extrabudgetary expenditure was the increased spending for agriculture from contingency funds of the various localities. In addition, in implementing the budget, the Central Financial Department appropriated an additional operating expense for fighting disasters to those localities hit by heavy natural disasters last year.

4. Operating expenses for culture, education, science, and public health services totaled 31.67 billion yuan, or 108.1 percent of the budget. Compared with the preceding year, this represented an increase of 20.3 percent -- a rate which exceeded the growth of regular financial revenue and the growth of total financial expenditure. The large increase in these expenses was attributable mainly to the fact that, as a result of their increased revenue, all units from the central to the local level increased spending in these fields to accelerate the development of their cultural, educational, scientific, and public health services and adjust the wages of staffs and workers of these departments. Of course, our development of science, technology, and education is still insufficient to meet the needs of our country's modernization program. In the days to come, with the development of production and the growth of financial revenue, the state will continue to increase appropriations in these fields.

5. Expenditures for national defense accounted for 19.153 billion yuan, or 102.6 percent of the budgeted figure.

6. Administrative expenses amounted to 13.058 million yuan, or 109.7 percent of the budgeted figure and representing an increase of 4.3 percent over the previous year. Because of enhanced control and management, sharp increases in administrative expenses were brought under control. However, they still exceeded the budgeted figure by a rather large margin. In addition to increased expenditures for strengthening judicial and public security work, readjustment of workers' wages, increased living allowances for retired cadres, and addition of personnel, expenditures were due to lack of control over the size of administrative organs, inordinate increase of personnel, and expenses caused by irregularities.

Expenditures for 1985 were basically normal. In accordance with the needs of economic development and the increase of revenues, in that year, while strictly controlling nonproductive expenditures, we increased investment in energy and transport projects, wage and price systems reform funds, and operating expenses for culture, education, science, and public health services, thus ensuring the funds for key state projects, reform of the economic structure, and development of intellectual resources.

Total domestic expenditures in 1985 rose 30.395 million yuan, or 20.1 percent, over the previous year. Of this, allocations for domestic capital construction rose 10.044 million yuan over the previous year; and operating expenses for culture, education, science and public health services rose 5.353 million yuan. In addition, the state treasury also defrayed more than 7 billion yuan in subsidies for urban residents because of wage system reform of administrative and business units and readjustment of pork prices. These three categories were responsible for 22 billion yuan, or over 70 percent of the increase in expenditures.

Because of additional investments, the state's capital construction made new headway in 1985. A number of large coal mines, power stations, oil wells, construction material enterprises, and new railways were completed and put into operation, and many enterprises had their technology transformed. All this greatly helped strengthen weak links in our economy, and facilitate continuous production growth.

Cultural, educational, scientific, and public health projects also progressed rapidly in 1985. In that year, over 10,400 scientific and technological research projects in the country were commended by departments under the State Council, and by the people's governments of various provinces, autonomous regions, and municipalities directly under the central government. In 1985, the nation's ordinary institutes of higher education enrolled 619,000 new students, or 30 percent more than in 1984. New developments were observed in the fields of culture, education, television, radio, journalism, and publishing.

As a result of the restructuring of the wage system, carried out on the basis of the development of production, and thanks to states subsidies for commodity prices, the income of people living in cities and rural areas continued to grow in 1985. The average per capita income of urban residents in that year reached 752 yuan, while net per capita income of rural families reached 397 yuan. After adjustments for the rise of commodity prices, the actual income was respectively 10.6 and 8.4 percent higher than the previous year.

While the execution of the 1985 state budget was satisfactory, we must also be aware of the many real problems. The main problems are:

Certain factors causing economic instability -- such as excessive investment in fixed assets and excessive growth of consumption funds -- have not been totally eliminated; many enterprises still fail to fundamentally correct their poor management, substandard technology, and poor economic performance. All these problems either directly or indirectly affect the financial situation and will affect our future financial stability and budget balance.

Meanwhile, our financial work has also been affected by many problems. Revenue loss -- including losses of resources through seepage, evaporation, dripping, and leaks -- and spending wastes are still quite serious; we must attach great importance to these problems and take measures to deal with them.

Another problem is: As our financial situation improves and our life becomes easier, everyone wants to accomplish more work sooner, and this causes contradictions between supply and demand of capital, and our financial planning becomes even more difficult. Thus, as the situation becomes better, we must do our work more earnestly; and as our revenue increases, we must adhere more firmly to the principle of doing what we are capable of.

We must continue to analyze the new situation, learn from new experiences, and improve economic forecasts and achieve overall balance so that we will not lose control in some areas but will achieve even greater successes in our work.

Committee members, more than 5 months of 1986 have elapsed, and here I would like to give you a brief account of how the budget of the first 5 months of 1986 was executed.

The nation's current economic situation is favorable, and all production and construction projects, including the economic system restructuring project, are progressing. Generally speaking, the execution of this year's economic and social development plan has been normal, and so has the execution of the state budget. According to statistics, domestic revenues during the January-May period reached 73 billion yuan, or 35 percent of the budget, and domestic expenditures reached 70.3 billion yuan, or 32.7 percent of the budget. The accounts show a positive balance of 2.7 billion yuan.

To implement this year's state budget, balance revenues and expenditures, and ensure normal progress in restructuring the economic system, on the basis of the needs of current economic development and the way this year's budget plan has been executed, the State Council has urged all regions and departments to take measures to ensure revenues and strictly control expenditures. Last year we were able to balance revenues and expenditures; in the same way, we must guard against any deficits this year. We must realize that the job of balancing revenues and expenditures will be quite difficult because, during the second half of the year, there will be many projects which require large expenditures and bring in less revenues.

For this reason, we must do the following:

1. We must properly organize the various production and circulation projects, make every effort to achieve higher economic returns, cut losses, increase profits, intensify the supervision of taxation and financial management, and properly organize the task of collecting revenues to guarantee a steady growth in revenues.

2. We must strictly control and economize expenditures. We must economize and guard against any waste by avoiding spending for whatever is not absolutely essential. Budgeted investments for capital construction must be strictly controlled so that there will be no overspending. The state has already set the norms for administrative expenses and for institutional purchases, and all regions and departments must control their expenses according to the norms.

3. Central and local authorities alike must strictly control any additional expenditures. All regions must exercise control over the spending of last year's surpluses. Even if some localities' revenues may exceed their targets this year, they should still curtail or eliminate certain expenses so that surpluses may be used next year.

4. A system of responsibility in implementing the budget plan should be instituted and strictly followed. After their budgets are approved, all regions and departments must ensure that those budgets are implemented, make every effort to exceed the revenue target, and spend less than the targeted expenditures. While drawing up specific policies and measures, all regions and departments must consider their capabilities and guard against any measures that can reduce income and increase expenditure. Measures, after having been examined by a financial department, should be referred to the State Council and the local government for approval. Macroeconomic measures should be adopted to control the distribution of financial resources, to guard against a new decentralization of capital. To facilitate control of this year's expenditures to all regions, we will distribute the norms for controlling their expenses during the second half of 1986.

5. General taxation and financial inspection should continue. This work, which will begin during the fourth quarter of this year, will end by the Spring Festival next year. According to the current financial and economic situation, and according to the current financial and economic situation, and according to the forecast of development during the next several months, we think that it is possible for us to accomplish the state budget plan and achieve another balance of revenues and expenditures this year, provided we do a good job during the next several months. This means that we should make every effort to increase our revenues, tighten expenditures, and guard against any uncontrolled spending.

CHANGING POLICY ON ADVANTAGES OF OVERSEAS RELATIONS

HK300905 Beijing RENMIN RIBAO in Chinese 24 Jun 86 p 2

[Article by Yang Zhengyan: "Overseas Relations Are a Good Thing"]

[Text] Not long ago, I had two interesting experiences.

The first was during the fourth session of the Sixth NPC, when I interviewed some returned Overseas Chinese deputies. One of them is a deputy who works with a research institute of a ministry in Shaanxi. He is a former Overseas Chinese returned from Britain, and is now a senior engineer and a party member. However, he did not dare admit that he is a returned Overseas Chinese. Last year, when his cousin returned to visit relatives, he did not dare to meet this cousin.

The second was in May this year. When I attended the Hebei Provincial Overseas Chinese Affairs Work Conference in Shijiazhuang. A comrade who is a functionary of a county People's Congress said in a group discussion that he felt reassured when he heard, for the first time, the remark that "personal overseas relations are a good thing."

These two events reflect two problems.

First, some people even now have misgivings about their personal "overseas relations," which were a terrible and disgusting thing in the past. People who had such "overseas relations" were bound to have bad luck.

Now, things have changed radically. People who have "overseas relations" can enjoy equal political treatment with other people and their livelihood is better ensured (certainly not in an illegal way). However, in real life, some people are still prejudiced against people who have "overseas relations" and consider such "overseas relations" to be a complicated thing. This prejudice is concretely reflected in the matter of redressing mishandled cases, and in placing political trust in intellectuals who are returned Overseas Chinese or relatives of Overseas Chinese, appointing them to responsible posts, and admitting them into the party. The residual influence of the "leftist" ideas causes some people, including some communist party members, to have misgivings about people's personal "overseas relations."

Second, we have not given sufficient publicity to the viewpoint that "overseas relations are a good thing." We seldom see newspapers and magazines carry articles advocating this viewpoint.

"Overseas relations" are in fact normal social connections of returned Overseas Chinese and relatives of Overseas Chinese, and the existence of such "overseas relations" is a natural phenomenon in social development. Along with the development of human society, people in various countries are bound to communicate with each other, and will never seclude themselves in a narrow corner of the world.

According to the accounts in our nation's chronicles, Chinese people began to emigrate to other countries as early as the Chin and Han Dynasties, and the number of emigrants increased gradually during and after the Tang Dynasty. More people emigrated after the Opium War. The reasons behind these emigrations were complicated. For example, under feudal rule, many peasants became impoverished and had no means of livelihood. So some of them had no choice but to leave their home villages and go abroad to seek a living. In other cases, some people were abducted and sold by colonialists to other countries as laborers. Some Overseas Chinese or their descendants were later naturalized and became citizens of the countries in which they lived.

According to rough statistics, there are now some 30 million Overseas Chinese and foreign citizens of Chinese origin in various countries of the world. Most of them are working people -- workers, peasants, small shopkeepers, and free lance professionals. Quite a few Overseas Chinese have become businessmen, bankers, industrialists or become professors, engineers, doctors, and lawyers. Some foreign citizens of Chinese origin have even become government officials.

The maintenance of extensive relations by the returned Overseas Chinese and relatives of Overseas Chinese with these people is certainly a good thing for our country rather than a bad thing. Comrade Deng Xiaoping once said: "Now we have too few rather than having too many overseas relations. Overseas relations are a good thing, which can help us expand relations in all fields." In the new historical period, "overseas relations" will function as an important channel for us to introduce funds, technologies, equipment, and talented manpower, and will also provide a favorable condition for us to solve the Taiwan issue and realize the reunification of the motherland.

Facts have also proved all this. Since the 3d Plenum of the 11th CPC Central Committee, under the guidance of the party's policy of opening up to the outside world and enlivening the domestic economy, a vast number of Overseas Chinese have actively supported the motherland's economic construction and the development of their home areas by means of making donations and investments. In particular, many home areas of Overseas Chinese have benefited from the assistance of their overseas kinfolks in the fields of funds, equipment, technology, information, and talented manpower, and have made marked changes and rapid economic development. People who have visited these Overseas Chinese home areas are all deeply impressed with the remarkable changes and development in those areas, and deeply feel that "overseas relations" are indeed an invaluable advantage.

From reports by foreign newspapers and journals, we know that the economies in the communities of Overseas Chinese or foreign citizens of Chinese origin have developed greatly since the end of World War II. At present, the assets owned by Overseas Chinese and foreign citizens of Chinese origin in all parts of the world total some \$200 billion. Some Overseas Chinese capital has transcended national boundaries and become part of the world's international capital.

In the field of science and technology, many Overseas Chinese and foreign citizens of Chinese origin have become leading scientists and experts in all fields throughout the world. For example, one of the spacemen who worked on board the U.S. space shuttle "Challenger" is Dr Wang Ganjun, a Chinese American. Some foreign people have predicted that, just as in the 20th century, science and technology are dominated by Jewish people; so in the 21st century, science and technology will be the domain of Chinese people, or will be dominated by Chinese people. This shows that Chinese people are among the world's cleverest and most extraordinary people. This fact is a favorable factor for building our great socialist motherland. If we can make full use of this strength, we will become very powerful.

In addition, "overseas relations" have another major advantage. Many Overseas Chinese now have connections or relatives on both the mainland and Taiwan. If we make positive approaches to them, they will not only help us conduct economic construction, but will also help us properly solve the Taiwan issue and realize the reunification of the motherland. Facts show that as long as we adopt a correct policy and work in a correct way, "overseas relations" will help us build up relations in all fields and make breakthroughs in all aspects of our work.

Comrade Hu Yaobang once said: "The 30 million Overseas Chinese and foreign citizens of Chinese origin constitute a great force. If we approach these people correctly, they will become an important force for promoting our modernization process, realizing the reunification of the motherland, expanding the overseas influence of our country, and winning more foreign friends." Obviously, with so many relations living abroad and with such extensive "overseas relations," we indeed enjoy a great advantage. We are now undergoing a new historical period. We should have a strategic vision and foresight and should fully exploit this advantage in order to fulfill the party's three major tasks.

NATIONAL COAL CONFERENCE CONCLUDES 29 JUNE

OW290724 Beijing XINHUA in English 0649 GMT 29 Jun 86

[Text] Beijing, June 29 (XINHUA) -- China's coal exports for the first six months of the year are expected to reach five million tons, up 54 percent from the same 1985 period, according to government officials.

The officials said China plans to increase its coal exports by five million tons a year through 1990.

Overall exports for the 1986-1990 period should reach 100 million tons -- equal to all of the coal exported between 1949 and 1984, they told a coal conference that ended here Saturday. Those attending the conference agreed the China national coal import and export corporation will continue to control coal exports.

To keep coal exports expanding, the officials said, quality standards must be enforced through their responsibility system, which links workers' incomes to the quality and quantity of what they produce. To make sure export deliveries are prompt, the officials urged cooperation between mines and transportation and customs departments.

ZHAO ZIYANG STRESSES DEVELOPMENT OF COAL INDUSTRY

OW291355 Beijing XINHUA Domestic Service in Chinese 1515 GMT 28 Jun 86

[Text] Beijing, 28 Jun (XINHUA) -- At a recent State Council meeting, Premier Zhao Ziyang expressed his views on the development of the coal industry. He said: It is necessary to link China's rich coal resources with its abundant human resources in order to open up a new path in accelerating the pace in developing the coal industry.

Recently Premier Zhao Ziyang made a special trip to three major coalfields in Shanxi's Pingshuo, Shaanxi's Shenmu, and Nei Monggol's Jungar while on an inspection tour. After returning to Beijing, he held a meeting with the relevant departments to study the guidelines and strategic plans for the development of the coal industry.

Premier Zhao said: China's richest natural resource is coal. This is a resource in which our nation is superior. The several coalfields that I inspected this time have a tremendous amount of high-quality coal reserves. Especially the coal of the Shenmu coalfield is of low sulfuric content and high calorific capacity. The coal beds are not very deep under the ground, and coal mining by peasants can be relatively easy. It is indeed a coalfield richly endowed by nature. There are abundant human resources in the rural areas where these major coalfields are located. By making full use of the local manpower to tap the rich natural resources there, we will be able to meet not only domestic needs in the coal industry, but also help expand coal exports and make our coal prices more competitive on the world market. We should adopt measures during the Seventh and Eighth 5-Year Plan periods to give full play to this superiority. This will help develop the overall situation in economic construction.

Zhao Ziyang said: The key to bringing into full play China's superiority and to quickening the pace in developing China's coal industry is to solve the issue of mining and transporting coal.

Dwelling on the issue of coal mining, Zhao Ziyang said: In the past few years, we have found a way, that is, by relying on peasants for mining coal. In this way, we will be able to integrate our richest coal resources with our most abundant human resources. One form of integration is to encourage peasants to open mines by themselves. For example, various localities have been running township collieries. This form is more suitable for working on coal deposits which are not so deep. Another form of integration is to have the state run coal mines while hiring peasants to work in these coal mines on a rotation basis.

In this way, there will always be a reasonable organizational structure of coal miners in the coal mine, while the state may be able to save a large amount of investment money. This will also help peasants in these areas eliminate poverty and become well-to-do.

On the issue of transportation, Zhao Ziyang pointed out: The development of coal industry is, in the past analysis, an issue of transportation. Unless the issue of coal transportation is given serious consideration, it will be impossible to bring into full play our superiority in coal mining. In working out long-range plans, we must plan to build trunk rail lines for transporting coal. During the Seventh 5-Year Plan period, we must concentrate our efforts on completing a trunk rail line linking Datong with Qinhuangdao and at the same time pay attention to developing relevant feeder railways. Later we plan to build railway feeder lines and repair highways near the trunk rail lines to form a rational transportation network radiating in all directions. Our experience of the past few years show that the guideline that suits China's conditions best is to have the state build trunk rail lines, local authorities and enterprises build and comanage feeder railways, and the masses carry out coal mining. Naturally, the state must also develop some key colieries as the backbone of the coal industry. In addition to transporting coal out of the coal-producing areas, we must also consider the issue of making use of the coal locally. In order to promote the rational distribution of industry, we must build thermal power generating stations and develop steel, aluminum, and building material industries as well as chemical industries in close connection with the local coal industry.

Zhao Ziyang said: We must develop a system and carry out the necessary reform in coal mining, coal transportation, and the local use of coal. All departments and units must join efforts in running power stations and feeder railways. It is not good for one department or one unit to run a power station or railway line all by itself. The power generation department must encourage the various districts and units to generate power and expand the entire power industry. This is also true in developing railway transportation. The trunk rail lines should be built and managed by the Ministry of Railways, while local authorities, departments, and enterprises must be encouraged to invest in building and managing feeder or specialized railway through joint efforts. From now on, investments made by the coal department should be mainly used for coal mining. However, some of the investments can also be used for repairing railways and procuring coal for use in other localities. In developing the Shenmu coalfield, we may use the method of selling shares; we must arouse the enthusiasm of the local authorities and departments and of the peasants, and work out plans to promote coal mining, popularize technology, carry out personnel training, and do a good job in procuring, transporting, and exporting coal. In short, we must adopt new methods and use new measures in enliven all sectors of the coal industry and quicken our pace in developing this industry.

RENMIN RIBAO URGES CRIMINALS TO TURN THEMSELVES IN

HK271407 Beijing RENMIN RIBAO in Chinese 26 Jun 86 p 1

[Commentator's article: "The Only Way Out for Criminals"]

[Text] Since the meeting held by central organs, which 8,000 people attended, a number of important cases have been handled according to law by central and local departments.

The struggle to crack down on serious economic crimes and other criminal offenses is being carried out in a practical and thorough manner. The solemn sentences, on one case after another, have increased the confidence of the masses of people in effecting a further turn for the better in party style and the general practice of society. They have also given a powerful shock to criminals in society who have not yet been caught.

There are two choices for criminals to make: They may turn themselves in and make a confession in order to receive lenient treatment, or they can put up a desperate struggle, thus becoming doubly guilty. They will then feel uneasy, day and night. No matter what they do, they will feel a sharp pain in their back. Many criminals and lawbreakers are seized with fear and suffer great pain.

China's "criminal law" stipulates: "Offenders who voluntarily surrender will be dealt with leniently. Those guilty of light offenses will be given light sentences or be exempted from punishment. Those guilty of more serious offense will also be given light sentences or exempted from punishment if they produce evidence of meritorious service." This has stated clearly how offenders who voluntarily surrender will be treated. However, some offenders still doubt if this provision is applicable to them.

This paper carries a report today on Zhang Shixiong of the Guangzhou High Voltage Electrical Appliances Factory, whose embezzlement and bribery totalled more than 110,000 yuan, who voluntarily surrendered himself to the judicial department and produced evidence of meritorious service. Therefore, he was given a light sentence according to law of 3 years's imprisonment, with the sentence suspended for 5 years. The sum of Zhang Shixiong's embezzlement was particularly big and his case was particularly serious. If he had not voluntarily surrendered himself and if his crimes had been exposed by others, his fate would have been quite apparent.

Our laws are solemn and impartial and our judicial organs strictly enforce them. Severe or lenient treatment will be given according to law with meticulous care. That Zhang Shixiong has been given lenient punishment is clear. Of course, if anyone stubbornly takes the opposite path, he will not escape severe legal punishment.

At present, some criminals keenly regret their crimes but trust themselves to luck and remain undecided. We want to tell them: Regret alone is of no avail. Trying to get by under false pretences is a miscalculation. Justice has a long arm. The only way out is to act like Zhang Shixiong, surrender and confess, and strive to get lenient treatment. If they make things worse by repeated delays, it will be too late to repent when they are shown the handcuffs!

BO YIBO DISCUSSES PARTY RECTIFICATION, MEMBERSHIP

HK301214 Hong Kong ZHONGGUO XINWEN SHE in Chinese 1503 GMT 29 Jun 86

["The CPC Has a Membership of Over 42 Million" -- ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 29 Jun (ZHONGGUO XINWEN SHE) -- LIAOWANG issue No 26, which will be published tomorrow, carries the text of a speech by Bo Yibo, in which he says that the CPC now has a membership of over 42 million.

At the beginning of the Great Revolution (1924-1927), the CPC only had some 10,000 members. In the heyday of the Great Revolution, that is, when the Northern Expeditionary Army arrived in Wuhan, it only had a membership of 58,000. When the Great Revolution failed, its membership shrunk to only 10,000. In the initial period of the war of resistance against Japan, the CPC only had 40,000 members, and during the Yanan Rectification of 1942, it only had several hundred thousand members.

Bo Yibo, executive vice chairman of the Central Commission for Guiding Party Rectification, held that the principal aspect of the contingent of party members is good but the quality of some party members is not good.

Bo Yibo said: Before the founding of the PRC, CPC members were few in number but highly competent. Under very difficult conditions they struggled in the war of resistance against Japan, for the revolution, and for the ideal of communism. With the exception of a handful of bad people and special agents who penetrated the party, most of the them were core members who survived the "sieve" of revolutionary wars. Now that conditions have changed and the CPC has changed its status and become the party in power, party members have power in their hands. It is precisely with the aim of obtaining this power to acquire personal gain that some people have penetrated into the party. Changes have also taken place in the ideas of some old party members so that they have also taken advantage of their positions to seek personal gain.

Bo Yibo held: The party rectification, which has been going on for over 2 years, has achieved some success. Notable progress has been made in reaching a common understanding, rectifying party work style, strengthening discipline, and purifying the party organization.

With regard to current party rectification, Bo Yibo stressed the need to boldly tackle difficult problems. He said: Under various difficult conditions and in various complex environments, Communist Party members should be bold in upholding principles and struggling for the truth. As far as we are concerned, we should be bold in tackling various "networks of relationships," factionalism, and those violators of law and discipline who hold varying degrees of power in their hands. If we dare not do so, we shall not be able to rectify the party and party work style. The present conditions are that it is relatively difficult to investigate and handle major cases. It is absolutely necessary to change this state of affairs. If we fail to do so, where is the party's sense of principle? How can we safeguard party discipline?

COMMENTARY ADVISES COMPANIES TO INITIATE REFORM

OW291155 Beijing XINHUA Domestic Service in Chinese 1034 GMT 27 Jun 86

[Text] Beijing, 27 Jun (XINHUA) -- Commentator's article: Administrative Companies Should Take the Initiative To Change Practices

Those companies which manage enterprises by administrative means have encountered the following challenge brought about by the thriving development of lateral economic associations: Should they continue the old management practices within the orbit of the old system characterized by barriers between departments and regions, or should they consciously take the initiative to transform themselves in order to meet the needs of the new situation? Inevitably, each of these administrative companies has to make its own choice.

The moves made by the Chongqing Furniture Company on this matter has been positive. In order to meet the needs of reform, it has duly changed from an administrative company into an enterprise entity engaged in production, management, and services. In other words, it has changed from being a "mother-in-law" of enterprises to being a "partner" serving them. Now the relationship between this company and its enterprises, which was established on the basis of economic benefit, has become an interdependent one. This relationship is so close that they are bound together and share weal and woe with each other. The path taken by the Chongqing Furniture Company is very significant, for it provides a useful experience for some administrative companies to carry out further reform.

It is obvious that reform of some administrative organizations is inevitable in the course of the in-depth development of China's economic structural reform. It is understandable that some administrative companies have been ideologically unprepared for the impact brought about by the practice of lateral association. However, they should catch up with others by intensively studying and absorbing the good experiences of other areas. Otherwise, they will become more and more passive. As the saying "the old is always superseded by the new" goes, those personnel of administrative organizations who failed to meet the needs of the new system should make great efforts, in terms of both thinking and action, to conform to the trend of reform during the transition from an old economic system to a new one. Only in this way can they continually make new contributions to reform.

We are convinced that before long a great number of companies like the Chongqing Furniture Company will emerge in all localities to meet the needs of the development of lateral economic associations.

WU LI, HU QILI ATTEND MODEL PARTY MEMBERS MEETING

OW291326 Beijing XINHUA Domestic Service in Chinese 1503 GMT 28 Jun 86

[By RENMIN RIBAO reporter Yin Pinduan, JINGJI RIBAO reporter Wang Pei, and XINHUA reporter Zou Aiguo]

[Text] Beijing, 28 Jun (XINHUA) -- The party committee of the institutions under the CPC Central Committee and government convened a "1 July" report meeting on the deeds of model communist party members at Zhongnanhai on the morning of 28 June. Prior to the meeting, Comrades Wan Li, Hu Qili, Tian Jiyun, Wang Zhaoguo, and Bo Yibo received the 10 members of the report group. They encouraged them to struggle for communist ideals with one heart and one mind and dedicate themselves to rejuvenating the Chinese nation and to undertake great reform.

At the reception, Wan Li said: Our country is undergoing a great and profound reform. This is a revolution. The new historical period sets forth new demands for Communist Party members. Party member and cadres of government organs should adapt and serve the new situation of reform, opening to the outside world, and enlivening the economy; carry out the great plan; and take the lead in executing this revolution well. The purpose of our party and government is to serve the people. Party members and cadres of our government organs must play an exemplary role in abiding by the law and discipline, in performing their official duties honestly, and in being devoted to their duty. They must dare to confront the tough with strength; have the courage to overcome bureaucracy; work hard to improve work efficiency; constantly improve their political, educational and scientific and technical levels; become new persons with high ideals, moral integrity, general education, and a sense of discipline; and serve the people wholeheartedly.

At the reception, Bo Yibo urged them to keep the honorable title of model party members all of their life. He said: It is not difficult to do one or two good things, but to do it all in one's life is not so easy. We Communist Party members must perform good deeds for the people all of our lives. To achieve this, we must study Marxism, Mao Zedong Thought, and the line, principles, and policies adopted by the party since the 3d Plenary Session of the 11th CPC Central Committee; and study and temper ourselves in practice and among the people. Only thus can we make new progress under the situation of reform, opening up, and enlivening. Communist Party members must combine principle with flexibility, and theory with practice; that is, figuratively speaking, like the firm and indomitable pines, we must never waver under any situation and, at the same time, we must also be like the willow, which grows wherever it is planted. We must take root deep among the masses. Every party member must demand this of himself.

Hu Qili said: To build our nation into a highly civilized and democratic socialist country, we must implement all-round reforms and proceed from our national conditions to explore our own way. This is tremendous task requiring half of century of hard work, as well as a huge undertaking that will change the fate of one-fourth of the world's population. It is a profound revolution. We communists must struggle to achieve this goal. Party members and cadres of central government organs must work hard to overcome bureaucracy, improve work efficiency, and play an exemplary role in all aspects. This is a question of vital importance, as well as an important part of the reform efforts. We work in different posts, but our goal is identical -- to rejuvenate the Chinese nation and defend world peace. We must work with one heart and one mind and dedicate ourselves to rejuvenating the Chinese nation.

Tian Jiyun said: It is necessary to learn from you comrades. It is hoped that you will continue to exert yourselves, advance forward ceaselessly, and work hard to rejuvenate the Chinese nation.

After the reception, the report meeting on the deeds of model Communist Party members was held. Five fine communist members spoke at the meeting. They were Pan Fulan, senior engineer at No 5 Designing Institute under the Ministry of Ordnance Industry; Zhang Youmin, head of the Financial Bureau of the Ministry of Railways; Chen Xiukang, engineer at the No 403 warehouse of the Ministry of Aviation Industry; Xu Haifeng, an athlete on the national shooting team; and Huang Ronghui, director of the No 5 Atmospheric Physics Institute under the Academy of Sciences of China.

Zhang Jingyaun, deputy secretary of the party committee of the institutions under the CPC Central Committee and government, spoke. He urged all party members in the central organs, especially those party members who are leading cadres, to take exemplary persons as their model and emulate their spirit of performing official duties honestly, implementing reform, bringing forth new ideas, struggling tenaciously, and dedicating themselves to make contributions to bring about marked improvements in party style and ensuring the smooth progress of reform.

CHENG ZIHUA, OTHERS COMMEND OUTSTANDING COMMUNISTS

OW291312 Beijing XINHUA Domestic Service in Chinese 1351 GMT 23 Jun 86

[By reporter Xu Xinhua]

[Excerpts] Beijing, 28 Jun (XINHUA) -- The CPC Committee of Organs directly under the CPC Central Committee called a meeting at Zhongnanhai this morning to commend advanced party branches and outstanding communists of the organs. The title of "Advanced Party Branch of Organ Directly Under the CPC Central Committee" was conferred on 20 advanced party branches, and "Outstanding Communist of Organ Directly Under the CPC Central Committee" on 156 party members.

Prior to the commendation meeting, Comrades Hu Qili, Qiao Shi, Wang Zhaoguo, Bo Yibo, Song Renqiong, and Wang Hashou had a cordial meeting with representatives of the advanced party branches and the outstanding communists. After extending warm congratulations to them, the leaders posed for pictures with them.

Liu Huafeng, secretary of the CPC committee of Organs Directly Under the CPC Central Committee, presided over the meeting. Qiao Qing, Standing Committee member of the party committee, read its decision to commend the advanced party branches and outstanding communists.

Amidst spirited music, Cheng Zihua, Standing Committee member of the Central Advisory Commission; other members of the commission; and leader of the party committee presented banners and certificates to the advanced party branches and outstanding communists.

Zhao Zongnai, permanent deputy secretary of the party committee, delivered a speech at the meeting, entitled "Inherit and Carry Forward the Party's Fine Tradition, Build a Contingent of Party Members With Strong Party Spirit and Good Work Style."

Zhao Zongnai said: Currently our party is concentrating efforts on the unprecedented great undertaking of building socialism with Chinese characteristics. In order to accomplish the general task and objective set up by the party for the new period, we must rely on the enthusiasm and creativity of the hundreds of millions of masses and the fighting spirit displayed by party organizations at all levels and all party members during the years of war in mobilizing and organizing the masses to score new achievements.

He said: The tasks for organs directly under the CPC Central Committee during the new historical period are to uphold the four cardinal principles, assist and advise the CPC Central Committee in carrying out the reform and modernization drive, and effectively promote the building of socialist material and spiritual civilization. The CPC Central Committee has set high demands on our work, and Comrade Hu Yaobang has urged us to set a good example for the people throughout the country with our noble mental outlook and fine work style.

Zhao Zongnai reviewed the efforts by the organs in serving the central authorities, as well as the grass roots, in carrying out the reform and modernization drive in recent years.

Zhao Zongnan called on all levels of party organizations of organs under the CPC Central Committee and all party members to play an exemplary role in doing a good job in the work of all fields of the central authorities, and heighten the spirit to make their share of contribution to the reform and modernization drive.

Attending the meeting were leading comrades of organs under the CPC Central Committee and representatives of party branches and members, totalling some 1,200.

517 KILLED, 16,300 INJURED FROM MAY, JUNE STORMS

HK300657 Beijing CHINA DAILY in English 30 Jun 86 p 1

[By Liu Dizhong]

[Text] The State has allocated another 50 million yuan to help the victims of storms which lashed a dozen provinces during the past two months. The relief funds earmarked by the central government so far this year total nearly 600 million yuan, more than 60 percent of the planned 1986 figure.

Earlier in the year most areas of the country were suffering severe drought, with more than 16.6 million hectares of farmland affected. The rains in mid-May and June eased the problem in many provinces. But the strong winds, torrential rains and hailstorms wrought havoc in 13 provinces and autonomous regions -- Jiangxi, Hunan, Guangxi, Zhejiang, Sichuan, Yunnan, Guizhou, Hubei, Guangdong, Shandong, Shanxi, Anhui and Shaanxi.

The disasters claimed 517 lives, injured more than 16,300 people, destroyed 300,000 homes and damaged 1.5 million hectares of farmland, a senior official of the Ministry of Civic Affairs told CHINA DAILY yesterday.

Sichuan, Jiangxi, Hunan and Guangxi were among the worst hit. Between late April and late May, Sichuan was hit three times by tornados, rain and hailstorms which swept 61 counties and prefectures. In some places the wind reached force 12 and the rainfall in four hours totalled 143 millimetres.

The State has given 20 million yuan in relief to Sichuan alone in the past two months, the official said.

In addition to the relief funds offered by the State, provincial governments allocated large quantities of cement, timber, steel, fertilizer and other emergency materials as well as financial aid to help people rebuild their homes and start work again.

The official said the Army also played "an admirable role" in relief work. More than 4,000 soldiers rushed to Chongqing City in Sichuan Province when it was hit by tornados and hailstorms. They helped transport 3.2 million tons of relief food and emergency materials.

The disaster areas, he said, were now "in good social order" and reconstruction was "in full swing."

Despite the adverse weather, China's summer grain harvest is forecast to exceed last year's, the second highest since 1949.

LI PENG ADDRESSES TECHNOLOGY APPLICATION CONFERENCE

OW291406 Beijing XINHUA in English 1354 GMT 29 Jun 86

[Text] Beijing, June 29 (XINHUA) -- China will use electronic technology to transform its traditional industries in the next few years, Vice-Premier Li Peng said here today.

The machine-building industry should take the lead in this effort so as to improve the quality of its products and reduce the consumption of energy and raw materials, he suggested. At the same time, Li said, the electronics industry should step up its development to meet the growing need of all economic sectors for electronic products and new technology.

The vice-premier made a policy speech on how to develop electronic technology, with emphasis on the use of computers, at a national computer application meeting which closed here this afternoon.

The country now has 7,000 mainframe computers and 130,000 microcomputers and more than 20,000 research and development projects have been computerized. Computer application has already made remarkable economic and social results in China, the vice-premier said. In order to spread computer science, he said, attention should be given to software development and personnel training.

Since China is the world's leader in designing Chinese-character software which is also the key to popularize computers in the country, Li said, scientists should try their best to perfect such systems and develop more high-efficiency Chinese-character software.

During the six-day meeting, several hundred scientists discussed concrete measures for the application of computers in the next five years.

Urges Advanced Technology

OW302352 Beijing XINHUA Domestic Service in Chinese 1309 GMT 29 Jun 86

[By reporter Wu Jincai]

[Excerpts] Beijing, 29 Jun (XINHUA) -- The National Computer Application Conference closed in Beijing today. Addressing the conference, Li Peng, member of the Political Bureau of the CPC Central Committee, vice premier, and head of the State Council's Leading Group for Development of Electronics Industry, pointed out: China, in order to forge ahead toward advanced technology, should pay great attention to equipping its traditional industries with electronic technology.

Li Peng noted: When viewing the relationship between the traditional and newly emerging industries, we should pay attention to the following aspects: First, the traditional industries are still the essence of the national economy as well as the main force in creating material wealth; second, the traditional industries should transform themselves with new technologies represented by electronic technology in order to attain technological progress and to increase productivity; third, the application of electronic technology in transforming traditional industries will, at the same time, be able to open up a vast market for the development of new technologies; and fourth, China should develop its new technologies at a faster pace.

Li Peng pointed out: Among the traditional industries, the machinebuilding industry is an important department of the national economy. Therefore, it is essential to apply electronic technology first to this industry and especially to develop a new generation of integrated machinery and electrical products in order to push forward renewal of machinery products.

Li Peng said: The application of computers has initially started in China. In the course of serving the development of the national economy and that of the society, it has obtained some notable economic and social benefits for them, and therefore has received greater attention. He suggested: From now on we should accelerate the popularization and application of computers with focus on continuously raising economic results and social benefits. In doing this, we should move from single-unit application to developing systems and networks, from single-unit and single-item control to developing automatic control of the whole process of production, from single-item management to developing comprehensive management, and from typical application to developing the application in the whole trade.

Li Peng pointed out: Application of computers in China should fit the national conditions, produce good results, and develop from a low level to a high level. China has a weak foundation in this field. Besides it is short of funds. Therefore, the development and construction of information systems must be undertaken in stages and in batches on the basis of priority, under guidance, and in a planned way. First of all, consideration should be given to the construction of information systems in departments and localities where the work load is greater, the economic results are more salient, and the demand is more urgent. In the application of joint computer networks, China should fully tap the potential of telecommunication networks through comprehensive utilization of the basis of posts and telecommunications networks. High standards should not be pursued blindly in the construction of specialized systems. Instead, these systems should be practical, money-saving, efficient, and effective.

Li Peng also said: China's vigorous popularization and application of electronic technology should be based on its domestic products. While developing electronics and information industries, we should also insist on carrying out reform of the management structure, increasing the decision-making power of enterprises, enhancing administration of the trade, and developing lateral economic association.

Presiding over today's meeting and delivering a summing-up speech was Song Jian, state councillor, minister of the State Scientific and Technological Commission, and deputy head of the State Council's Leading Group for Development of the Electronics Industry.

STATE COUNCIL ON COLLECTIVE PROPERTY TRANSFER

OW300218 Beijing XINHUA Domestic Service in Chinese 1205 GMT 28 Jun 86

[Text] Beijing, 28 Jun (XINHUA) -- On 20 June, the State Council transmitted the "Report on Stopping Noncompensatory Transfer of Property of the Second Light Industry's Collective Enterprises and Establishments" prepared by the Ministry of Light Industry and the All-Chinese Federation of Handicraft Cooperatives. In a notice, the State Council also urged all regions and departments to follow the instructions set forth in the report.

The notice says: The CPC Central Committee and the Senate Council have time and again reiterated in recent years that the legitimate rights and interests of collective economic units must be protected and that no organization or individual is allowed to misappropriate or destroy collective property by any means.

However, certain local authorities and departments have disobeyed party and state policies and transferred without compensation property of the second light industry's enterprises, thus affecting the development of the collective economy. All regions and departments must seriously examine their problems regarding noncompensatory transfer of property belonging to the second light industry's enterprises and correct these problems with resolute measures.

According to the report prepared by the Ministry of Light Industry and the All-China Federation of Handicraft Cooperatives, certain local authorities and departments, taking advantage of their authority, have continued to transfer -- without compensation -- property, capital, and labor as well as other materials and equipment belonging to the second light industry's collective enterprises and establishments; they have misappropriated the collective funds of various cooperative federations and misused facilities of collective enterprises and establishments built with collective funds. According to incomplete statistics, over 314 million yuan of collective property belonging to the second light industry's collective enterprises and establishments in 11 provinces, autonomous regions, and municipalities directly under the central government -- namely, Guangxi, Liaoning, Anhui, Gansu, Shaanxi, Jiangsu, Jiangxi, Yunnan, Hunan, Shanxi, and Tianjin -- were transferred or misappropriated from 1981 through 1985, thus seriously affecting the development of the collective economy.

The report notes: China's collective economic units of the second light industry are set up primarily by collective enterprises organized by higher cooperative federations on the basis of cooperation and mutual support. Many enterprises, after developing with assistance from cooperative federations and other collective enterprises, have reciprocated by returning help to other collective enterprises. If the profit-making mainstay enterprises are transferred without compensation, thus taking away investments by cooperative federations, these enterprises' subordinate relations and financial ties would be altered even though they would still be collectively owned in name. This certainly will hurt the interests of other collective enterprises of cooperative federations and weaken the second industry's collective economy. For this reason, the report urges all regions and departments to do the following:

1. Seriously examine the second light industry's collective enterprises and establishments where noncompensatory transfers have taken place, as well as the collective property belonging to cooperative federations; then, verify the facts, return property, and redress any losses. All noncompensatory transfers that have taken place in various localities after the promulgation of the relevant documents by the CPC Central Committee and the State Council in 1981 must be resolutely returned and redressed.

2. In the course of economic reorganization, management specialization, and establishing joint operations, we should uphold the principles that ownership, subordinate relations, and financial ties of second light industry's collective enterprises will remain unchanged. If the transfer red collective enterprises cannot be returned because of special reasons, they should be changed into joint ventures so that collective interests will be safeguarded.

The report also put forward solutions to such problems as collecting funds and management fees from collective enterprises and the misuse of school buildings for training handicraft industry's management personnel as well as other institutes and schools of the second light industry.

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PRC NATIONAL AFFAIRS

JINGJI RIBAO ON USING FOREIGN FUNDS IN POWER INDUSTRY

HK300525 Beijing JINGJI RIBAO in Chinese 22 Jun 86 p 1

[Report by Dong Yulin: "China Makes Gratifying Progress in Using Foreign Funds To Run the Power Industry"]

[Text] In the 6 months from August last year to March this year, the Huaneng International Power Development Corporation, a Chinese-foreign joint-venture enterprise using foreign funds to run power industries, formally signed successive agreements with American, Japanese, and French companies on supplying equipment with a total installation capacity of 2.9 million kilowatt-hours to five power plants in Shijiazhuang, Nantong, Dalian, Fuzhou, and Shantou. These high-speed negotiations created a precedent in China's efforts to import large power plant projects. Now the corporation has started importing the second batch of equipment projects with a total installation capacity of 3.3 million kilowatt-hours, most of which will be installed in the Shitongkuo Power Plant in Shanghai, the Dezhou power plant in Shandong, the Yueyang power plant in Hunan, and the Luohuang Power Station in Chongqing, Sichuan.

The Huaneng Corporation is a joint-venture enterprise operated by the Huaneng Fine Coal Company, the People's Construction Bank of China, the China Water Resources and Electric Power External Company, Hong Kong-China Construction Investment Ltd, and the Hong Kong China Resources (Holdings) Ltd. During China's Seventh 5-Year Plan period, it will undertake the task of using foreign funds to import and commission generating units with a total capacity of more than 5 million kilowatt-hours or about one sixth of China's planned total electric energy production in the same period.

To fulfill the task of using foreign funds to run power industries on schedule and to ensure quality and quantity, instead of sending delegations abroad for inspections before importing large projects as it did in the past, the Huaneng corporation has now adopted the method of temporarily transferring specialists in various fields from other parts of the country on a compensation basis, making full use of data accumulated domestically, and assimilating experience in importing equipment of the same type. This has cut down the time used on holding business talks and signing agreements with foreign countries by 1 year when compared with past practices.

Formerly, when holding talks on importing large projects, the corporation would ask several departments to separately complete the aspects concerning technology, prices, and loans; now it has closely coordinated technical and business talks, making an overall appraisal of technical functions, prices, loan terms, goods delivery, 2 way trade, and service conditions. While using foreign funds to import power generating equipment from abroad, the corporation stressed expanding the export of China's commodities through 2-way trade and by supporting exports with imports.

PROGRESS MADE IN REORGANIZING PLA ACADEMIES

OW281214 Beijing XINHUA Domestic Service in Chinese 0139 GMT 28 Jun 86

[By reporter Xu Jingyue and correspondent Han Zhijun]

[Text] Beijing, 28 Jun (XINHUA) -- The reduction-in-strength reorganization of PLA academies and schools is progressing smoothly. It is reported that the Central Military Commission and the PLA Headquarters will use a certain amount of manpower, funds, and material resources to build up some academies and schools for training key personnel.

According to a plan previously laid out, reorganization of military academies and schools is an important part of the reduction-in-strength reorganization to be carried out by the PLA this year. The system of military academies and schools has now been readjusted on the basis of a decision made by the Central Military Commission. This includes closing and merging some of the military academies and schools and making their personnel smaller in number but better in quality. Now the number of the academies and schools in the whole Army has been reduced by 12 percent, and their personnel cut by more than 20 percent. The PLA's educational system is now more suited to training qualified PLA personnel for the period of peaceful construction.

After reduction-in-strength reorganization, commander-training academies and schools of the Armed Forces have been included in a 3-level training system devised for training commanding officers at the primary, middle, and high level. Under this system, primary commander-training academies and schools training primary-level commanders for various PLA branches and services equivalent to the three tiers of education of secondary specialized schools, specialized colleges, and regular universities. The main task of middle commander-training academies and schools is to train commanders for combined arms units. The highest educational institution in the whole Army is National Defense University.

After readjustment, there are several dozen specialized technical academies and schools in the Army. Some of them are new-type academies and schools that were newly founded or rebuilt. The specialized technical academies and schools have a 2-level training system for bringing up technical officers at the middle and high levels. There are five tiers of training: Secondary specialized training, training equivalent to specialized colleges, training equivalent to regular universities, training for graduate students for master's degree, and training for graduate students for doctorate. Each year the academies and schools will train these five kinds of technical officers according to a definite ratio.

WANG HAI ON STRUCTURAL REFORM OF AIR FORCE

HK270745 Hong Kong ZHONGGUO XINWEN SHE in Chinese 1302 GMT 26 Jun 86

[Text] Beijing, 26 Jun (ZHONGGUO XINWEN SHE) -- China's Air Force Commander Wang Hai said here today that, in line with the instructions of the CPC Central Committee and the Central Military Commission, the Air Force is smoothly carrying out structural reform, streamlining, and reorganization and is making great efforts to become a revolutionary, modern, and regularized Air Force.

At a forum marking the 40th anniversary of the insurrection of the Liu Shanben flight crew, Wang Hai said: The Air Force has eliminated a number of obsolete aircraft and replaced them with new ones. At the same time, it has stepped up the development of modern technology and equipment. In an effort to improve the quality of pilots, the Air Force has conducted three reforms, instituting a pilot grade system, restoring the practice of issuing flight allowances, and determining the maximum age for pilots. To speed up the renewal of knowledge, particularly the mastery of modern knowledge by pilots, it has stepped up the scientific and cultural education of pilots by numerous means. In order to enhance the combat effectiveness of Army units, particularly their capability for combined warfare, the Air Force has intensively and rigidly stepped up the combined training of various aircraft types, as well as combined training with ground combat troops. The ground combat command system is also intensively strengthening itself. He said: Through structural reform, streamlining, and reorganization and with the improvement of technology and equipment, the enhancement of the pilots' military capability and political consciousness, and the intensive building of the ground command safeguard system, the combat effectiveness of China's Air Force has been enhanced considerably.

DEFENSE INDUSTRY TO HOLD INTERNATIONAL FAIR

OW281745 Beijing XINHUA in English 1545 GMT 28 Jun 86

[Text] Beijing, June 28 (XINHUA) -- China's Ordnance Industry Ministry will hold its first international fair to exchange technology and products for civilian use from July 1 to 10 in Beijing, it was announced today.

The ministry began making non-military products in the early 1980s. Its output value of products for civilian use has quadrupled over the past five years. An official of the ministry told a press conference here that the fair was aimed at introducing more advanced world technology to upgrade its civilian role.

The ministry was negotiating with companies from the Federal Republic of Germany, Japan and the United States on the import of technology and production lines involved in machine-building, photoelectricity and chemicals. It was also considering raising funds itself to import technology for producing eight-ton to 20-ton heavy trucks from the Daimler-Benz Company of Federal Germany, and to import all the techniques needed to produce luxury coaches from another German company.

In addition, it would import production lines and techniques for manufacturing plastics, paints and other chemical products, the official said. While serving other sectors of the domestic economy, the ministry was also striving to enhance the competitiveness of its export goods in civilian use. Its target between 1986 and 1990 was to earn a total of 400 million U.S. dollars from exports -- about 300 million dollars more than in the previous five years.

PLA AUTOMATES ARTILLERY COMMAND SYSTEM

OW291124 Beijing XINHUA in English 1105 GMT 29 Jun 86

[Text] Shenyang, June 29 (XINHUA) -- The People's Liberation Army has automated its artillery firing system, military officials said today. Under the new system, the total time required for the firing process, ranging from the order at headquarters to the firing of artillery in the field, has been cut from minutes to seconds, according to officers from the general staff headquarters here. Over the past few years, they said, the Army has developed command systems using electronic and laser technology.

ENTERPRISES URGED TO EXERCISE DEMOCRATIC MANAGEMENT

HK300512 Beijing GONGREN RIBAO in Chinese 23 Jun 86 p 1

[Editorial: "Democratic Management Is the Fundamental Guarantee for Developing Collective Enterprises"]

[Text] The National Congress of Light Industrial Collective Enterprise Employees (commune members) opened solemnly in Beijing. The convocation of the congress is a joyous occasion for the 7.45 million employees of the light industrial collective enterprises. It fully embodies the principle that employees of China's collective enterprises are masters of their own affairs. We warmly congratulate the triumphant opening of the congress and wish it complete success!

The collective sector of light industry occupies an extremely important position in national economic and social development. It shoulders the heavy responsibility of providing people with daily necessities and small merchandise and making the market brisk. It undertakes the important mission of expanding exports and increasing foreign exchange for the state. In improving the people's living standard, accumulating funds for state construction, promoting social stability and unity, and developing socialist spiritual civilization, this is a vital force not to be ignored.

Collective owned enterprises are the independent economic organizations in which laborers jointly own the means of production, work together, and receive remuneration according to work. Employees of collective enterprises are owners of the means of production as well as laborers who directly take part in production activities. This characteristics determines that enterprises should adhere to democratic management and carry forward the spirit of being masters of their own affairs. China's Constitution has explicitly stipulated: "Collective economic organizations practice democratic management in accordance with the law, with all their workers electing or removing their managerial personnel and deciding on major issues concerning operation and management." Thus it can be seen that democratic management is the essential characteristic of collective enterprise management.

Light industrial collective enterprises have developed on the basis of handicraft cooperatives. During the 1950's, a set of democratic management forms suited to the characteristics of the collective economy and the conditions at that time took shape. Due to the influence of the "leftist" deviation, the management patterns of state enterprises of the fine tradition and characteristics of democratic management. To date, the question of democratic management of collective enterprises is not yet thoroughly solved. Factory directors of a number of collective enterprises are still appointed by higher level authorities or democratic elections are carried out perfunctorily. Workers' congresses are not resumed or they are resumed in name but not in reality. Laborers cannot take part in enterprise management or they have become masters in name but actually cannot handle their own affairs. As a result, it becomes difficult to invigorate enterprises and to enhance the employees' sense of being masters of their enterprises. In order to further develop the light industrial collective enterprises, it is extremely important to lay emphasis on democratic management.

In order to strengthen democratic management and ensure the democratic rights of the employees, it is necessary to first perfect the system of the congress of collective enterprise employees, regularly hold meetings, seriously discuss important matters related to the survival and development of enterprises and interests of the masses, make relevant decisions, and put them into effect. The workers' congress is a body with authority in collective enterprises rather than a consultancy or supervisory mass organization. It has the right to decide on major issues of an enterprise. Meanwhile, collective enterprises should also implement the system of the factory director assuming sole responsibility. This is the objective demand of the development of commodity economy and modernized production. After a factory director is elected democratically by the workers' congress, he is vested with the authority to direct various production and operation activities. Nevertheless, it is necessary to combine democratic management with the system of the factory director assuming sole responsibility. Factory directors must be given a free hand to handle routine duties. The work of factory directors must be supported rather than intervened in. However, a factory director should regularly give an account of his work to the workers' congress, develop democracy extensively, and solicit employees' opinions. A factory director cannot act arbitrarily. The workers' congress has the right to recall a factory director who is unqualified or remove him from office.

In order to prevent the practices of disrespecting the democratic rights of employees and neglecting the position of employees of collective enterprises being masters of their own affairs and in order to perfect the system of workers' congress at collective enterprises, a democratic management committee can be established through democratic election when the workers' congress is about to close. In the democratic management of collective enterprises, trade unions should also play their proper role.

It is the objective inevitability of the political and economic systems of China's socialism to implement the principle of democratic management in collective enterprises. This is all the more urgent at the moment. In the change from the old to a new system, however, there are many new problems which must be properly explored. With the spirit of being masters of their enterprises of collective enterprises should take an active part in enterprise management work and contribute their wisdom and intelligence to the development of socialist collective enterprises. Undoubtedly, this is the fundamental guarantee and motive force for the development of collective enterprises.

BO YIBO PREFACES BOOK ON GOOD PARTY MEMBERS

OW290912 Beijing XINHUA Domestic Service in Chinese 0048 GMT 27 Jun 86

[Text] Beijing, 27 Jun (XINHUA) -- A book entitled "Party Spirit, Ideals, and Righteousness" will be off the press around 1 July, the CPC founding anniversary.

Compiled, edited, and published by the Shanghai People's Publishing House, the book is a collection of stories on the advanced deeds of 16 outstanding communists, including Ma Shengli [7456 0524 0448], Qu Xiao [2575 0876], Hua Yi [5478 1837], Dai Hongxiang [2071 3163 4382], Lu Guanqiu [7627 0385 3808], Fang Qi [2455 0967], Qian Fusheng [6929 1381 3932], Shi Guangzhu [0670 0342 26910], Xin Fuqiang [6580 4395 1730], Zheng Changlu [6774 7022 4389], and Yang Huaiyuan [2254 2037 6678]. The stories run a total length of 110,000 characters.

Comrade Bo Yibo has written a preface to the book under the subject "The Party Spirit, Ideals, and Righteousness of a Communist." The preface says; How should a communist act in response to the party's instruction to be at the front of the great struggle to realize the general task of the party for the new period? And in the great practice of reforms, what should a communist do to really bring his role of a vanguard and model into play? This is a new question calling for serious thinking and handling and a serious answer by every party member. In recent years, many outstanding party members have emerged in every field who are fighting heroically and performing meritorious deeds for the reforms and the drive for the four modernizations. They are the ones who have correctly answered this question with their actual deeds. The publication of the book "Party Spirit, Ideals, and Righteousness" will give an impetus to the whole party in carrying out its on-going education on party spirit, ideals, and discipline and its work of rectifying party style as well as party building in the new period.

YOUTH FEDERATION CONGRESS OPENS, BO YIBO SPEAKS

OW301452 Beijing XINHUA in English 1412 GMT 30 Jun 86

[Text] Beijing, June 30 (XINHUA) -- The All-China Youth Federation opened the second session of its sixth congress here today calling on young people in all social fields and of all nationalities to contribute to the economic prosperity and reunification of the country.

Liu Yandong, newly elected president of the federation, recalled in her report the work of the organization since the first session three years ago. She said the present 661 members represented the 320 million youth in China. She said the reunification of the country is the hope of all the Chinese people and demands special efforts from the younger generation. She continued that, today a great number of promising and capable young people are distinguishing themselves in various social fields on the mainland, in Hong Kong and Macao, Taiwan and overseas, and the youth federation will pay more attention to contacts between them.

The All-China Youth Federation has established friendly relations with 400 youth organizations in more than 140 countries and regions, leading to increasing international exchanges and cooperation in the fields of economy, technology, culture, and so on.

Bo Yibo, vice-chairman of the Central Advisory Commission of the Communist Party of China, said at the session that the economic reform is China's supreme task at present and for the near future. He hoped that young people would actively participate in the revolution, giving advice and making contributions in their own spheres of activity. He especially hoped that the federation members would take the lead in promoting China's prosperity and reunification.

The session will last six days.

NIE RONGZHEN ON POLITICAL WORK IN 'NEW PERIOD'

HK270033 Beijing RENMIN RIBAO in Chinese 25 Jun 86 p 4

[Article by Nie Rongzhen in June 1986: "Creatively Do a Good Job in Political Work During the New Period -- Preface to 'Handbook on Ideological and Political Work at the Grass-roots Level During the New Period'"]

[Text] Ideological and political work has played an important and far-reaching role in the fighting history of our party and our army. Let us recall the days of the 10-year agrarian revolutionary war, the 8-year anti-Japanese war, and the 3-year liberation war when comrades of the whole party and the broad masses shared weal and woe, went through fire and water, braved untold dangers, and shed blood for the revolution. No matter how tough the conditions were, they made concerted efforts and fought for the liberation of the motherland and people. Shame to those seeking private interests and honor to those dedicating themselves became a prevailing custom at that time. All this was closely related to ideological and political work.

In the present new historical period of building socialist modernization when we are carrying out the policy of "opening up to the outside world and enlivening the domestic economy," people have various ideas. While attaching importance to building material civilization, we must also stress building spiritual civilization and cultivate a generation of new people and observe discipline. The whole party is now effectively straightening out party style and improving the general social mood. All this requires that we, by proceeding from reality, carrying forward the party's fine tradition in political work and strengthen and improve ideological and political work in a practical way. It is a misunderstanding to think that political work is no longer important during the new historical period.

We are historical materialists, and cannot deviate from certain historical conditions in exploring and solving any problems. The basic principles and contents of today's political work have not changed on the whole, but the time, conditions, situation, and targets are different. This requires that we emancipate our minds; sum experiences; combine in a scientific way carrying forward fine traditions, reforming, and blazing new trails; go deep into the grass roots and masses; make strenuous efforts to study new situations, problems, and things; eliminate "leftist" influence; and creatively do a good job in political work. Thus, our ideological and political work can better meet the new situation of reform and opening up to the outside world can be upgraded to a level suited to the four modernization undertaking during the new period.

To build dynamic socialism full of vitality and with Chinese characteristics, we must carry out reforms on all fronts. The party's ideological and political work must ensure reforms and carry out reform. Without carrying out reform, the ideological and political work will have no appeal to the masses and cannot be carried out in a down to earth manner among them.

Our experience over the past years have proved that the masses always judge a person by his words and deeds. Political workers must refrain from saying one thing but doing another. It is very important for political work cadres and all leading cadres, high-ranking cadres in particular, to set a good example, as the masses are watching them. If they fail to set a good example, nobody would be interested in ideological and political work. This is a focal point which we must particularly stress in the current ideological and political work.

The grass roots are the ground for all work and the foundation for ideological and political work. They are also a vast world for us to carry out reforms and blaze new trails in ideological and political work. The Changzhen publishing house has published this "Handbook on Ideological and Political Work at the Grass-roots Level During the New Period." We hope that the book will play its due role in propagating and implementing the party's policies and principles, in enhancing the building of socialist spiritual civilization, and in strengthening and improving ideological and political work.

S&T ASSOCIATION CHAIRMAN PRAISES ACADEMIC DEMOCRACY

HK301306 Hong Kong ZHONGGUO XINWEN SHE in Chinese 1538 GMT 27 Jun 86

[Report by Dai Yaping and Lin Hua: "New Mission for the 'Father of Rockets' -- An Interview With Qian Xuesen, Newly Elected Chairman of the China Association for Science and Technology"]

[Text] Beijing, 27 Jun (ZHONGGUO XINWEN SHE) -- At the Third Congress of the China Association for Science and Technology, Qian Xuesen, China's "father of rockets" and a noted expert in systems engineering, was elected chairman of the association.

While he was chief professor of the Jet Propulsion Laboratory of the California Institute of Technology in the United States early in the 1950's, Qian Xuesen advanced the famous theory of cybernetic engineering. His treatise on cybernetic engineering, which was regarded as a "book from heaven" at that time, became the theoretical basis for modern scientific research, modern scientific and technological management, and economic management 30 years later.

After assuming the post of chairman of the China Association for Science and Technology, Qian Xuesen told these reporters: "I am a new recruit in this post. From now on, I will study and ask for advice modestly, do my utmost to work hard, and be worthy of the trust of the scientific and technological workers of the whole nation."

Qian brought up a recollection: During the reign of Chun Xi of the Southern Song Dynasty, there was an academic organization called the Ehu Society at the Xinzhou Ehu Temple in Jiangxi. The society practiced academic democracy and its members were allowed to air their views. Students could raise objections to teachers' views. Qian said that the society had a fine tradition, that is, views of all kinds could be expressed at the meetings, but spreading of hearsay outside was prohibited. If anyone spread hearsay, he would be dismissed from the society.

Qian Xuesen used this story to express his view on academic democracy. China's history of feudalism lasted for more than 2000 years, he said, so it is no easy job to practice academic democracy. Only by developing academic democracy should also be extended to the world, because international academic exchanges are not unidirectional. China's scientists should assimilate the advanced knowledge of other countries and also introduce China's research achievements to the world so as to benefit mankind.

During his stay in the United States beginning in the 1940's, Qian Xuesen contributed to aerodynamics and rocket propulsion. He returned to China from the United States in 1955 and made outstanding contributions to the development of China's astronautics industry. His field of research was wide and extensive, and included space technology, economic policy decisions, theories on traditional Chinese medicine, and breathing exercises. During the 1970's, he collaborated on a book entitled "Cybernetic Engineering" with Song Jian, an outstanding expert in systems engineering. A year ago, Song Jian took up a leading post in scientific circles and assumed office as minister of the State Scientific and Technological Commission.

"In my capacity as a scientist, I am willing to devote my remaining years to scientific research," said Qian Xuesen.

However, things went contrary to his wishes. Qian Xuesen was elected vice chairman of the CPPCC more than 2 months ago and is now entrusted with a heavy responsibility.

Administrative organization work would occupy most of his time. For this reason, Qian said with a smile: "I can only request the press circles to make an appeal for me."

It has been reported that the China Association for Science and Technology has already made arrangements to reduce Qian's administrative duties to the minimum so that he can devote part of his time to scientific research.

Like many other modern Chinese scientific explorers, Qian Xuesen returned to contribute to the motherland after the founding of new China. As a Chinese national residing overseas for a long time, Qian said, I understand the feelings of Overseas Chinese, and Hong Kong and Macao compatriots toward the motherland. Many of them told me that they are willing to serve the construction of the motherland. I want to inform them that so long as I am working at this post, I will do my best to make their wishes come true.

DIVERSITY OF MODERN SOCIALIST MOVEMENT ANALYZED

HK261436 Beijing GUANGMING RIBAO in Chinese 16 Jun 86 p 3

[Article by Li Zhongjie: "Why Does the Modern Socialist Movement Show Diversity?"]

[Text] One of the distinctive characteristics of the modern socialist movement is its diversity. This diversity is manifested in diversity in school and organization, guiding ideology or theory, modes of action or social pattern, in class content, and in effect. The diversity of the modern socialist movement stems from various sophisticated social and historical factors.

First, since economic development varies from country to country, social demands and policy objectives as well as class composition and the balance of class forces are also different. This forms different cultural levels and social psychological factors and determines that the socialist movement in a specific country has its own content and form. For example, in developed countries, unemployment, inflation, and production stagnation are main economic problems which the socialist movement there has to consider. The social democratic party and the communist party have different views on how to solve the problems. The former advocates policy readjustments under the framework of the capitalist system while the latter maintains that it is necessary to fundamentally change the capitalist system. In socialist countries, the most important problem is how to meet the material and cultural needs of society members by developing the national economy expeditiously and proportionally. To achieve this objective, it is necessary to make the economic management system more consistent with economic development. Hence, what economic management system to establish has become a crucial question. The difference in socialist patterns in these countries lies mainly in this question.

Second, the development of international relations is the main reason behind the diversity of the modern socialist movement. Although international relations constitute an external cause for change and development in a country, they play an important role in forming the characteristics of the socialist movement in a certain country, a role not to be ignored. Since World War II, major changes have taken place in the world situation in which socialism has developed from winning victory in one country to doing so in many countries. After 1956, the CPC and the communist parties in some other countries consistently maintained independence and kept the initiative in their own hands, opposed hegemonism, and built socialism in light of the actual conditions of their own countries. A prospect of diversity in the international communist movement was thus opened up. In the 1960's and 70's, the communist parties in some West European countries formed and developed European communism.

Before World War II, most countries in Asia, Africa, and Latin American were colonies and semi-colonies of the imperialists. After the war, this situation was ended. The Asian, African, and Latin American countries which won independence in succession were faced with a task of establishing a certain kind of social system. Because these countries were greatly exploited and plundered by the Western colonialists, their peoples utterly detested capitalism. At the same time, with socialism exerting a drastically increasing influence in the world, the people in power in these countries who, more often than not, had access to some socialist or Marxist ideas also attempted to practice socialism.

However, because their main objectives were to develop their own national economies, in practice, they only adopted some measures which they considered "socialist," such as the nationalization of land.

They did not practice the principles of scientific socialism in an overall manner. Therefore the socialism they practiced was not Marxist scientific socialism but non-Marxist socialism, such as the Islamic socialism, self-government socialism, and cooperation socialism that combines some measures, such as land nationalization with the traditional ideologies and cultures as well as the specific social and historical conditions of their own countries.

Third, national traditions vary from country to country. For example, in European and American countries, the bourgeois multiparty parliamentary democratic system has a very long history. It has long become the main form with which various political forces in society including the working class carry out political struggle and a relatively relaxed traditional form for solving class conflicts. Therefore, in these countries, striving for more democratic rights for working people through the parliamentary road is one important characteristic of the real socialist movement in such countries.

Fourth, diversity is the objective law governing the development of the socialist movement. As far as the countries, regions, and nations which seek emancipation of the proletariat and establishment of a socialist society based on the theory of scientific socialism are concerned, since their economics, policies, and cultures differ in thousands of ways, therefore, they should proceed from actual conditions, integrate the universal truth of Marxism with their actual conditions, and independently define the orientation, roads, objectives, principles, policies, and tactics of their socialist movements. In applying the principles of scientific socialism, top priority should be given to existing historical conditions of specific countries and their systems, customs, and traditions should be taken into account, as Marx and Engels stressed.

Moreover, the socialist movement is a developing movement. It will develop from immaturity to comparative maturity and undergo quite a long process of practice and development. This being the case, people are bound to explore, study, experiment, seek different roads, and to envisage different patterns in many ways, and they are bound to distinguish them by comparison. This will help people use their ability and compete with each other on the one hand and help them make up each other's deficiencies and to complement one another. The development processes of various countries cannot be synchronous. Since the foundations and starting points of the socialist movements in various countries are different, if we study the cross section of their socialist movements at a certain point, we will have a fairly clear picture of their diversity. By saying that the modern socialist movement has a diverse character and by including all so-called schools of socialism in our study, we do not mean that all schools of socialism are scientific and genuinely socialist. In fact, they can be classified as proletarian socialism, bourgeois socialism or petty-bourgeois socialism, and feudal socialism. In the face of all brands of socialism, while admitting their diverse character, we must also adhere to the principles of scientific socialism.

CRACKDOWN ON COUNTERFEIT TRADEMARKS ORDERED

HK301352 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0245 GMT 30 Jun 86

[Report: "Over 17,000 Cases in Violation of the Trademark Law Have Been Investigated and Handled in China"]

[Text] Beijing, 30 Jun (ZHONGGUO XINWEN SHE) -- According to a report in ZHONGGUO XIAOFEIZHE BAO [CHINA CONSUMER GAZETTE] today, last year industrial and commercial administrative and management organs throughout the country discovered and handled over 17,000 cases in violation of the trademark law, stopped 120 million illegal trademarks, ordered the perpetrators to pay 150,000 yuan in compensation for the losses incurred to those whose trademarks had been illegally used, and imposed fines totaling some 7 million yuan.

To strengthen trademark management, last year the State Administration for Industry and Commerce formulated and promulgated a "circular on resolutely stopping enterprises from selling damaged and substandard parts and components as well as invalidated trademarks" and "provisional methods of management over the printing of trademarks." Industrial and commercial administrative organs in various localities also worked out relevant rules and regulations in light of their specific conditions.

Gan Guoping, deputy director of the State Administration for Industry and Commerce, told some reporters several days ago that counterfeit trademarks undermined socialist economic order and that industrial and commercial administrative personnel should execute the law, remove all obstacles, strengthen trademark management, crack down on counterfeit trademarks, and stop the practice of infringing on others' rights.

AWARDS MEETING FOR PLAYWRITING HELD IN CHANGCHUN

SK290517 Changchun Jilin Provincial Service in Mandarin 0930 GMT 28 Jun 86

[Excerpts] This morning, the cinema hall of Nanhu Guesthouse in Changchun was permeated with joy. The third national awards ceremony for outstanding playwriting and creations sponsored by the Chinese Dramatists' Association was held here.

More than 200 persons attended the awards meeting, including Gao Di, secretary of the provincial CPC Committee, Gao Dezhan, governor, Wang Zhongyu, deputy secretary of the provincial CPC Committee, Zhao Xiu, chairman of the provincial People's Congress Standing Committee, Dong Su, vice chairman of the provincial People's Congress and chairman of the provincial Federation of Literary and Art Circles, Fan Yeben, secretary of the Changchun City CPC Committee, Li Huizhen, vice mayor of Changchun City, responsible comrades of the provincial and Changchun City departments concerned, as well as personages from the provincial literary, art and drama circles. The meeting was presided over by Zhang Ying, permanent secretary of the Chinese Dramatists' Association Secretariat.

Gao Di, secretary of the provincial CPC Committee, gave a speech at the meeting: [Begin recording] The third national meeting to award writers of outstanding plays and creations and to exchange experiences in creations sponsored by the Chinese Dramatists' Association was ceremoniously held in Changchun City, Jilin Province today. We are very happy for this occasion. [end recording]

On behalf of the provincial CPC Committee and government, he first welcomed the comrades to the meeting and extended congratulations to the award winners. He said: [Begin recording] Literature and art must closely keep pace with the times and reflect the practical situations of reform and the four modernizations as well as the great national spirit. Only thusly can we satisfy the multi-sided need of the people's cultural life, enhance their spiritual state, and help them foster lofty moral sentiments and healthy aesthetic ideas, thereby providing helping forces for reform, and helping the people correctly understand [words indistinct] and reform, support and participate in reform, and dedicate themselves to the great cause of vitalizing China. Our provincial CPC Committee and government have decided to create a democratic, harmonious, and comfortable environment for the broad masses of literary and art workers, and strive by all possible means to provide convenient working and living conditions for them in an effort to help them create more outstanding works. We wish the drama undertakings to prosper and flourish and this meeting to be successful. [end recording]

(Gao Zhanxiang) vice minister of culture, also spoke at the meeting.

FOREIGN FIRMS BID FOR TIANJIN PORT EXPANSION

OW281448 Beijing XINHUA in English 1439 GMT 28 Jun 86

[Text] Tianjin, Jun 28 (XINHUA) -- A total of 31 firms from eight countries and Hong Kong were chosen as tenderers for an expansion scheme of the Tianjin port at a pre-bidding meeting here today.

A port official said that the scheme is aimed at consolidating the foundation of a 600,000-square-meter dam on which berths will be built.

It is one of China's 190 key projects being built this year.

With a loan of 130 million U.S. dollars from the World Bank, the Tianjin Port Construction Development Company decided to open an international bidding for the project.

The tenderers were from Britain, China, France, Italy, Japan, the Netherlands, Singapore, Switzerland as well as Hong Kong.

According to the official, August 1 will be the deadline of the bidding.

The meeting was sponsored by the China National Technical Import Corporation and Tianjin Port Construction Development Company.

JIANGXI GOVERNOR STRESSES ECONOMIC REFORM

OW300528 Nanchang Jiangxi Provincial Service in Mandarin 1000 GMT 27 Jun 86

[Text] A provincial meeting of commissioners and mayors concluded in Nanchang on 25 June. In his speech at the meeting, Governor Ni Xiance stressed: In our economic work in the second half of the year, it is necessary to strive for an appropriate growth rate and to achieve all the economic and social development targets with the stress on better economic results. Ni Xiance called on all localities to give priority to achieving better economic results with the stress on improving produce quality, lowering material consumption, and selling products quickly to accelerate turnover of funds.

Ni Xiance said: We should further readjust the production structure, vigorously increase the production of marketable goods; correctly guide consumption; correct the relationship between commodity production and circulation; unclog commodity circulation channels between urban and rural areas; and appropriately increase circulation funds. All localities should invigorate enterprises as part of the reform; resolutely practice the responsibility system for factory directors; correct the relationship among party, administration, and workers; and step up ideological and political work. It is necessary to continuously implement measures to streamline the administrative structure and delegate powers to lower levels; to practice the economic responsibility system; to stop unreasonable quotes and fees; to differentiate normal business activities and unhealthy trends; and to properly handle problems occurring in the course of reform. Government organizations at various levels should conscientiously provide services to enterprises. The reform in financial, banking, and tax departments should be carried out in connection with enterprise reform. All localities should strive to fulfill their production plans and make up deficits and increase surpluses. They should make conscientious efforts to collect revenues; strengthen budgetary management; economize on funds for investment and administrative expenditures; strictly enforce financial and economic regulations; and ensure a balance between revenue and expenditure.

Ni Xiance pointed out: Our province has very favorable conditions for agriculture, and we should vigorously develop agriculture as the economic foundation. We should continue to rationally readjust the agricultural production structure, do a good job in the field management of early rice, and ensure a steady increase in grain production. We should implement preferential policies in order to promote the development of village and town enterprises.

Ni Xiance said: In the second half of the year, our province should continue to make vigorous efforts to carry out reforms and implement the policy of opening to the outside world. Leaders at various levels should take the lead in carrying out reforms; they should support, show concern for, and protect activists who promote reform in order to bring about an atmosphere of everyone discussing and carrying out reforms throughout the province. Vigorous efforts should be made to develop lateral economic ties so as to promote reform and achieve better economic results.

Ni Xiance called on leaders in various parts of the province to emancipate their minds; relax policy restrictions; take the opportunity to do a good job in economic and technological cooperation with foreign countries; and quickly exploit natural resources in order to develop the province's economy more effectively.

SHANDONG ISSUES CIRCULAR ON SUMMER GRAIN PURCHASES

SK270915 Jinan Shandong Provincial Service in Mandarin 2200 GMT 26 Jun 86

[Text] The provincial government recently issued a circular to various localities to counter the problems in this year's purchases of summer grain.

The circular points out: The purchase of summer grain is in full swing throughout the province. Generally speaking, the situation is good. However, some localities are withholding the money that should have been paid to peasants for their sales of grain without authorization, or pay little attention to the fulfillment of the purchases commissioned by the state.

To counter such a situation, the circular urges:

1. Unauthorized withholding of grain purchasing payment, which is an erroneous act, should be resolutely banned, and anyone who sells grain should receive payment. Forcible withholding of any funds, except for agricultural taxes and the advanced grain purchasing payment, is forbidden. This should be taken as a discipline, which leading persons at all levels and the masses of cadres should take seriously and abide by resolutely. Any acts in violation of this should be corrected immediately.

2. While ensuring the fulfillment of summer grain contracted purchasing tasks, we should exert active efforts to carry out the purchases commissioned by the state. Prices for the commissioned purchase may be set by counties in a unified manner. Areas where the market grain price is higher than or equivalent to the original increased price of above-quota grain may set the prices for the commissioned purchase according to the original increased price and the quality of the grain. Areas where the market grain price is lower than the original increased price of above-quota grain may set the prices which should be higher than the proportional price but lower than the original increased price, according to the quality of the grain. Areas neighboring other provinces should pay attention to setting the purchasing prices successfully to avoid outflow of grain.

3. Reward sales of materials should be carried out conscientiously. Fertilizer and oil are urgently needed for agricultural production at present. All localities should sell on a priority basis diesel oil and fertilizer which should be sold as a reward in summer grain purchases. Supply and marketing, commercial, and farm machinery departments should organize the allocation and distribution well, and deliver such diesel oil and fertilizer to grass-roots supply stations at an earliest possible date.

The circular also stated that business operations should be geared to the needs of the summer grain purchases, and that all the work affecting the summer grain purchases should be suspended for the time being in order to ensure the smooth fulfillment of the purchasing tasks.

SHANDONG PEOPLE'S CONGRESS HOLDS MEETING 26 JUNE

SK270840 Jinan Shandong Provincial Service in Mandarin 2200 GMT 26 Jun 86

[Text] The 20th Standing Committee meeting of the 6th provincial People's Congress opened in Jinan on 26 June. At a plenary session held that morning, (Cao Xianqin), deputy director of the provincial Agriculture Department, gave a report on the province's current agricultural production on behalf of the provincial government.

He said: The province has reaped a good harvest of summer grain despite the serious drought. The total output is expected to be basically the same with that of 1985 when a bumper harvest was reaped. The production in the western part of the province and in the plains with favorable irrigation conditions showed a substantial increase, and in the eastern part and mountainous and hilly areas, production decline by a fairly great margin. Half of the 14 prefectures and cities of the province are expecting an increase in production, while the other half are expecting a decline. Crops sown in spring are growing fairly well, fruit production continues to develop, the production of animal husbandry, plant-eating livestock, and poultry continues to expand, and the production of hogs and chicken remains stable. Judging from the present situation, the agriculture of our province will maintain a sustained, stable, and coordinated development under normal weather conditions. However, some problems still exist. Major ones are: Sufficient publicity was not given to the need for strengthening agriculture, which is the foundation; sufficient attention was not paid to the needs for increasing input and changing production conditions, and this led to an imbalance in work; means of production; and the circulation of farm products and various service work failed to suit the needs on the development of the rural commodity economy. These problems should be conscientiously redressed when doing our work in the latter half of this year.

Entrusted by Governor Li Changan, Vice Governor Ma Zhongchen delivered a report on the provincial government delegation's recent visit to the United States.

Li Zhen, chairman of the provincial People's Congress Standing Committee, presided over that morning's plenary session. Attending were Vice Chairman Xu Leijian, Gao Fengwu, Zhang Zhusheng, Xu Jianchun, Lin Ping, Feng Lizu, Lu Hong, Xu Shen, and Yan Gingqing. Attending as nonvoting delegates were responsible persons of relevant departments of the provincial government, the provincial Higher People's Court, the provincial People's Procuratorate, the People's Congress standing committees of the cities under the jurisdiction of the province, the People's Congress work liaison offices of prefectures, and some county People's Congress standing committees.

SHANGHAI DEPARTMENTS JOINTLY FIGHT ECONOMIC CRIME

OW251131 Shanghai City Service in Mandarin 0000 GMT 25 Jun 86

[Text] According to WEN HUI BAO, the Shanghai procuratorial department and other departments concerned fighting economic crimes have developed lateral ties to jointly handle cases. From January to June they investigated and handled over 2,000 cases of various economic crimes, involving 55.78 million yuan and including over 300 major and important cases. Among the cases of economic crime handled this year, the number of cases of offering and accepting bribes greatly increased, making up 41 percent of the total number of cases. Major and important cases being handled at present involve 10 cadres at and above the departmental level. The handling of these cases is the responsibility of party and government leaders at higher levels.

In jointly handling cases, the Shanghai departments concerned conducted thorough investigations in accordance with the characteristics of the various trades. As a result, they discovered a number of important cases of economic crime. The municipal industrial department party committee tracked down personnel who demanded and took bribes by abusing their power in managing goods and materials in very short supply, products in great demand on the market, and rare, precious, and important raw materials.

From January to May this department investigated and handled 252 cases of this category, making up nearly 50 percent of the total number of cases handled by the department.

The party committee of Shanghai's rural area uncovered nearly 700 cases of economic fraud by considering the characteristics of rural enterprises eager to make profits and prone to be hoodwinked. At present 135 fraud cases are being handled, and 45 cases have been completed with 3.64 million yuan in illicit money recovered.

ZHEJIANG'S WANG FANG URGES BETTER REFORM WORK

OW291138 Hangzhou Zhejiang Provincial Service in Mandarin 0900 GMT 26 Jun 86

[Text] According to a report by our correspondent Dong Fushun and reporter Chai Jianyue, Wang Fang, secretary of the provincial CPC Committee, said this morning to a meeting of graduates from the committee's Party School and the special cadre education departments run by higher-educational institutions in Hangzhou: Now our reform work is developing satisfactorily. I hope that after you have returned to your original units, you will carry forward your exploratory and enterprising spirit, stand firmly in the van of reform, and make fresh contributions to the prosperity of our country and the well-being of our people.

Comrade Wang Fang pointed out: Reform means an intensive change in our society and is an arduous exploratory task that no one has previously undertaken. Since there is no mature experience to follow, some mistakes are inevitable. We should use the Marxist stand, viewpoint, and method to deal with the new circumstances and questions that have arisen in the course of reform. Only thus can we stand in the van of the current of reform and propel the progress of history.

To carry out this great task, Comrade Wang Fang asked the vast number of young and middle-aged cadres to handle three relationships properly: First, they should properly handle the relationship between personal interests and the interests of the party and people. Second, they should properly handle the relationship between knowledge from book and practical experience. With regard to many questions now encountered in the reform, no ready solution can be found in a book. It is therefore necessary to take the initiative to plunge into the great practice of reform and construction in order to resolve the new questions arising from practice. Third, they should properly handle the relationship between implementing instructions from the higher level and working in a creative way. Working in a creative way means implementing the instructions from the central authorities and those at the higher level creatively. If the policies and instructions passed down from the central authorities and from those at the higher level were only mechanically carried out, it would be impossible to do successful work.

The Organization Department and the Party School of the provincial CPC Committee co-sponsored the meeting and it was presided over by (Shen Huifang), member of the Standing Committee and director of the Organization Department of the provincial CPC Committee. Attending the meeting were leading comrades, including Liu Yiru, member of the Standing Committee of the provincial Advisory Commission and president of the Party School of the provincial CPC Committee; and some 900 graduates of the Party School and from the special cadre education departments of Zhejiang University, Hangzhou University, and Zhejiang Agriculture College.

GUIZHOU LEADERS ATTEND COMMENDATION RALLY

HK290201 Guiyang Guizhou Provincial Service in Mandarin 2200 GMT 28 Jun 86

[Excerpts] On 28 June, the provincial CPC Committee held a grand rally in Guiyang to name and commend advanced party organizations and outstanding party members. Ding Tingmo, deputy secretary of the provincial CPC Committee, read out the committee's decision on awarding titles of advanced party organization and outstanding party member. Provincial CPC Committee Secretary Hu Jintao congratulated the commended units and individuals.

SICHUAN CORRECTS ANOMALIES, ENCOURAGES RURAL ENTREPRENEURS

HK230323 Chengdu Sichuan Provincial Service in Mandarin 2200 GMT 22 Jun 86

[Text] Basing its work on current rural realities, the Sichuan Provincial CPC Committee has correctly handled a number of leftover problems in straightening out unhealthy trends and inspecting taxes, and has taken active steps to support and perfect rural economic structural reform and to encourage specialized households, enterprise contractors, and grass-roots cadres to work boldly and make still greater contribution to invigorating the province's economy.

Large numbers of peasant entrepreneurs and specialized households have appeared in rural Sichuan in recent years. They have taken the lead in getting rich and have led the masses to get rich, thus playing an active and stimulating role in developing the rural economy. However, while correcting unhealthy trends and carrying out a major tax inspection in the previous period, some grass-roots cadres, specialized households, and enterprise contractors became mentally confused due to lack of clear policy demarcation lines or to erroneous methods. They dared not work and operate enterprises boldly. A decline therefore appeared in some sectors of the rural economy, especially the township enterprises.

In view of this, leading comrades of the provincial CPC Committee went to the rural areas to chat with the grass-roots cadres and visit specialized households and enterprise contractors. The leading comrades publicized the party's policies and principles and encouraged them to work and operate boldly. They also drew up a document defining a number of policy demarcation lines and called on all localities to seriously implement it.

The provincial CPC Committee recently stressed a number of points at various meetings:

1. It is necessary to correct new unhealthy trends and crack down on economic crimes. However, when dealing with these problems, attention must be paid to distinguishing between reasonable profit retention by enterprises and the practice of turning public assets into private property; between bonus distribution in accordance with the terms of a contract and indiscriminate payment of bonuses and subsidies; between normal expenses involved in professional contacts and the practice of giving banquets and presenting gifts; between enterprise diversification and illegal undertakings; and between proper bonus payments for enterprise work personnel and salary [word indistinct] deductions.

2. When mistakes occur in a cardinal link or certain problems are not handled properly because systems are not on a sound basis or because the policy demarcation lines are unclear, we should sum up experiences and lessons, enhance our understanding, and perfect the systems instead of holding individuals responsible for the mistakes or problems. In general the upper levels shoulder the responsibility and the lower levels should not be held accountable if the former previously ordered the latter to do something that was not in full accordance with the regulations.

3. Attention must be paid to protecting the productive forces that have already formed. We should not damage such forces on account of investigating and dealing with problems.

4. The contracts firmed up last year should in principle be made good. We should continue to complete the contracts this year on the basis of perfecting them.

5. We will continue to practice the target management responsibility system for cadres and the previous system of linking cadre rewards and penalties to performance.

SICHUAN HOLDS CONFERENCE ON CONTROLLING PURCHASING POWER

HK271450 Chengdu Sichuan Provincial Service in Mandarin 2200 GMT 26 Jun 86

[Text] Yesterday evening, the provincial government's leadership group for controlling the purchasing power of social groups held a provincial telephone conference to make arrangements for Sichuan's current tasks of controlling the purchasing power of social groups.

At the conference, provincial government Secretary General Jiang Zeting conveyed the main spirit of the conference of the national leadership group for controlling the purchasing power of social groups and then reviewed the situation in this field throughout the province since the beginning of last year.

Regarding the current work of controlling the purchasing power of social groups throughout the province, Comrade Jiang Zeting stressed:

1. It is necessary to strengthen publicity and education and to heighten ideology and understanding.

2. It is essential to strictly examine, approve, and manage business in the specially controlled commodities.

3. It is imperative to seriously control quotas.

4. It is necessary to investigate and study the method of controlling the purchasing power of the township collective enterprises. Each place can select a county where investigation and study will be conducted, and put forward its views.

5. Offices for controlling the purchasing power of social groups at all levels must strengthen their fundamental work and the work of controlling the purchasing power of social groups must be done by their corresponding departments. These offices must build up archives of relevant data on examining and approving business in the specially controlled commodities.

6. Offices for controlling the purchasing power of social groups at all levels must do their work well in coordination with the departments of planning, finance, and taxation; bank; and departments of commerce, auditing, industrial and commercial administration, and motor vehicles.

7. It is necessary to strengthen leadership and to reinforce the ranks of cadres. All counties which have not been assigned full-time cadres must be quickly assigned them.

YUNNAN MEETING COMMENDS RURAL ENRICHMENT UNITS

HK300245 Kunming Yunnan Provincial Service in Mandarin 2200 GMT 29 Jun 86

[Excerpts] The provincial CPC Committee and government held a gathering in Kunming from 27 to 29 June to exchange experiences and commend and award advanced units and individuals that scored outstanding success in increasing income and getting rich in 1985. Pu Chaozhu, He Zhiqiang, Liu Shusheng, Qiu Chuangxiao, Zhao Tingguang, and other party and government leaders attended.

Provincial CPC Committee Secretary Pu Chaozhu made a speech. He said: The province achieved fine results in launching a drive to increase income and get rich in the rural areas last year. Despite serious natural disasters, grain output was 18.7 billion jin, while total agricultural output value was 9.65 billion yuan, an increase of 8.2 percent over 1984. Average gross income per capita increased by 76 yuan. In 32 out of 126 counties and county-level cities, average gross income per capita rose by over 100 yuan.

Pu Chaozhu said: Abundant experience was accumulated last year in the drive to increase income and get rich, mainly in the following respects: 1) In everything we do, we must consider making the peasants rich as soon as possible. This is the guiding idea for promoting rural work. 2) Persevere in following the path of reform. 3) Firmly establish the concept of developing commodity economy. 4) In readjusting the production structure, it is essential to seek truth from facts, act in light of local conditions, take advantage of strong points and avoid weak ones, and turn natural strong points into commodity strong points. 5) Do a good job in providing services. 6) Improve leadership style and keep in close touch with the masses. We must raise these experiences to the plane of reason and turn them into the guide for developing the rural economy.

GANSU RADIO FINDS CLAN CONCEPT 'INTOLERABLE'

HK270229 Lanzhou Gansu Provincial Service in Mandarin 2200 GMT 26 Jun 86

["Chat for Everybody" article by (Zhao Shaolin): "The Clan Concept Is Intolerable"]

[Text] An apple orchard in (Yuzhai) Village of Mali township in Wushan Country was contracted to a peasant named Zhao. Due to its good management and economic results, more than 10 peasant households named Yu in the village became jealous, saying, we cannot allow these Zhaos to reap a profit. A struggle to seize possession of the apple trees then broke out.

Similar instances of the clan concept seriously hamper the implementation of the party's rural policies and affect the political situation of stability and unity and normal production order in the rural areas. In some places, people whose clan is a weak minority often suffer bullying. Many civil and criminal cases are the result of disputes between clans.

It will be extremely bad for building the two civilizations in the rural areas if the clan concept is not destroyed. I therefore hold that when the CPC and CYL organizations conduct ideological and political work for the peasants, they should regard elimination of the clan concept as a major topic. We should have the millions of households all united and taking the lead in getting rich and pursuing prosperity for all. If this cardinal link is grasped well, the building of the two civilizations in the rural areas can take a step forward.

QINGHAI RADIO COMMENTARY ON PROFESSIONAL ETHICS

HK241522 Xining Qinghai Provincial Service in Mandarin 2230 GMT 23 Jun 86

[Short commentary: "It Is Imperative To Conduct Education in Professional Ethics"]

[Excerpts] Professional ethics is an important component part of the building of spiritual civilization. Grasping education in professional ethics is grasping the building of spiritual civilization. The success in grasping this work will play an important part in keeping close ties between the party and the masses and between the state and the people, in town building, and changing the general mood of society.

Regarding professional ethics, all trades and professions are required to establish good work style and to observe the socialist moral concept and standard of conduct so that they can serve the people still better.

Commerce, the catering and service trades, public communications, posts, telecommunications, banks, and water and electricity supply are closely related to the whole society and have a bearing on thousands upon thousands of households. Since the Third Plenary Session of the CPC Central Committee, these trades have worked hard to improve their work and work style. They have been praised by the masses. However, a small number of comrades of these trades have failed to see the importance of this work. Their concept of professional ethics is poor. Some have taken the advantage of their professions to pursue private ends. Some have made things difficult for consumers. Some have taken advantage of consumers' being in a weak position to overcharge them. Some have done things for their own convenience and been inconsiderate of the masses. The masses are greatly dissatisfied with these.

The main aim of conducting education in professional ethics is to establish good work style, not to punish any people in particular. This is the first year of the Seventh 5-Year Plan and is the crucial year when our province will realize a fundamental turn for the better in party style. We sincerely hope that all units will seriously attach importance to education in professional ethics so that our province can make a new start in the building of spiritual civilization.

SHAANXI GOVERNOR URGES SUPPORT, PROTECTION FOR REFORM

HK140537 Xian Shaanxi Provincial Service in Mandarin 0100 GMT 14 Jun 86

[Text] Today's SHAANXI RIBAO frontpages an article by Governor Li Qingwei entitled "Persevere in Reform, Protect Reform, Stimulate Reform."

The article says: Reform is an important guarantee for invigorating Shaanxi and doubling [fan fan] output value. The leaders at all levels must take a firm and clear-cut stand with the cadres and masses, persevere in reform, protect reform, and strive to create an excellent external environment for the reformers.

The article demands that the leaders at all levels voluntarily accept responsibility for certain mistakes that occur in reform. It is forbidden to grab people by their pig-tails, make them wear tight shoes, deal blows at them in revenge, punish people, or go back to the old road. The article says: With regard to people who fabricate facts in order to disrupt reform, our principle is not to allow interference by gossip and slander. We should in general not deal with anonymous letters. We must hold accountable and deal severely with those who make false accusations to frame people.

Li Qingwei's article says: Apart from a few instances of serious violations of law and discipline, the upper-level organs should not be quick to send work teams into units to handle problems that arise in reform, or conduct endless investigations there.

SHAANXI PARTY MEETING DISCUSSES RURAL RECTIFICATION

HK210211 Xian Shaanxi Provincial Service in Mandarin 2330 GMT 20 Jun 86

[Excerpts] The provincial CPC Committee Standing Committee pointed out during a recent discussion on party rectification that this work is now at its most important moment. The party committees at all levels, especially the county CPC committees, must eliminate ideas of relaxing, strengthen leadership, do a good job in rural party rectification, and consolidate and develop the fruits of party rectification.

On the morning of 18 June, the Standing Committee listened to a speech by Li Xipu, leader of the provincial CPC Committee group for guiding party rectification, conveying the spirit of the forum of 11 north China provincial and municipal CPC Committee secretaries on party rectification convened by the Central Commission for Guiding Party Rectification.

The meeting held: Although rural party rectification in Shaanxi has not been underway for long, its development is healthy and good results have been achieved.

The Standing Committee stressed: Now that party rectification has got down to the rural grass roots, it is marked by the characteristics of broad area, complex problems, and pressing time. The question of whether we can carry out rural party rectification with high quality is very important. In addition, having completed party rectification, units at county-level and above still need to further solve problems in party building. The party committees and the leading comrades at all levels must have a clear understanding of the importance of this moment, strengthen leadership, brace their spirits, and complete party rectification with high quality.

The Standing Committee meeting stressed that rural party rectification must be focused on solving serious cases of abuse of power and violations of law and discipline among district, township, and village party-member cadres. The rural grass-roots party leadership groups must be readjusted, strengthened, trained, and improved. We must, throughout the entire course of rural party rectification, get a good grasp of ideological and political education for the party members. We must also do a good job in straightening out rural finances, so as to stimulate rural reforms and the development of commodity economy and bring about a fundamental turn for the better in party style and social mood.

Regarding the further consolidation and development of the fruits of party rectification, the Standing Committee pointed out that it is essential to focus on three cardinal links: 1) Conduct in-depth education in party spirit, especially in the program of serving the people wholeheartedly. 2) Further straighten out unhealthy trends. 3) Set up a healthy political life in the party and put it on a sound basis, seriously eliminate feudal remnants in political life, and put democratic centralism on a sound basis.

SHAANXI: OBSTACLES TO REFORM DISRUPT ADVANCED FACTORY

HK230139 Xian Shaanxi Provincial Service in Mandarin 0100 GMT 23 Jun 86

[Text] According to SHAANXI RIBAO, reform in the Xian food and drink machinery plant has encountered obstructions. Plant manager (Wu Changhai) is unable to exercise his powers, and the enterprise has now reached a state where it cannot even pay wages.

Since the plant instituted reforms in 1980, its main product, the Feiyan brand steamed bun machine, has on many occasions been assessed as an advanced product in the province and city. The plant's profit in 1983 quadrupled the 1980 figure. The plant was named a six-good enterprise by the provincial government in 1985. The plant's profits rose at an annual rate of 36.1 percent over a 7-year period. It became a renowned advanced enterprise in the whole province.

Instead of doing everything possible to protect and support such an advanced enterprise, the Xian City No 2 commerce bureau sent in a work team which conducted inspections in the plant for 9 months. The bureau also appointed a deputy manager and removed (Wu Changhai) from his post of party branch secretary. It also appointed a new secretary. As a result of these moves, this plant, whose annual profit was as much as 1 million yuan, produced less than 500,000 yuan worth of output value in the first 5 months of this year. The workers did not receive 1 yuan in bonuses, and the plant cannot even pay wages now.

SPOKESMAN COMMENTS ON U.S. CONGRESS RESOLUTION

OW290829 Taipei International Service in English 0200 GMT 28 Jun 86

[Text] The Broadcasting Corporation of China reports from Taipei: Republic of China [ROC] Foreign Affairs Ministry spokesman Chiu Chin-i on Friday called on the U.S. Congress to respect the ROC Government's efforts in safeguarding democracy and human rights in the nation. The spokesman asked U.S. lawmakers not to be misled by unfounded allegations charged against the government.

Chiu made the remarks at a regular press conference Friday morning, reacting on a resolution passed by a U.S. House of Representatives subcommittee. The resolution asked the ROC Government to allow the organizing of new political parties to step toward a complete parliamentary system. The spokesman said, despite of threats from the Communist regime, the ROC Government has never spared efforts in promoting political participation and the protection of citizens' basic rights. Chiu said: Rather than being led away from their neutral and objective stand, the U.S. lawmakers should encourage and respect the Asian countries' determination to ensure democracy.

In the Friday meeting, Chiu also cited the report on Communist Chinese leader Teng Hsiao-ping's remarks threatening military actions against the ROC, and said the attitude shows that the communist regime's previous advocations of peaceful reunification are just plain lies.

[Begin recording] We have repeatedly pointed out to the free world that the smiling-face, peaceful overtures of the Chinese Communists to us have been purely a united front conspiracy. In fact, the attempt by the Chinese Communists to use force to invade the bastion of freedom, namely, Taiwan, Kinmen, and Matsu, has never ceased, though the Chinese Communists have repeatedly tried to fool the world with their one country, two systems Hong Kong formula, etcetera, etcetera. This baloney has once again demonstrated that these peaceful united front slogans are nothing but lies. We sincerely hope that the people in the free world will see through the Chinese communists' real nature so as not to fall into the trap of their united front tactics. [end recording]

Teng Hsiao-ping said earlier in a meeting with Philippine Vice President Laurel that they are getting impatient with the current situation and may resort to military force in bringing about the reunification of China.

Also in the meeting, Chiu said the ROK and South Korea may soon reach an agreement on the handling of the 19 mainlanders who had drifted into South Korean waters. He said the Korean authorities are expected to make public their guiding principles in handling the incident.

TAIWAN NOT TO PLAY TABLE TENNIS ON MAINLAND

OW271147 Taipei CNA in English 1014 GMT 27 Jun 86

[Text] Taipei, June 27 (CNA) -- The Chinese Taipei Table Tennis Association CTTA has decided not to take part in the Asian Cup table tennis competition scheduled to be held in October in Shenchun, Kwangtung Province in Mainland China, Foreign Ministry Spokesman Chegne J.Y. Chiu said Friday.

To uphold the nation's basic policy, Chiu said in a routine press briefing at the Government Information Office, all ROC [Republic of China] groups or individuals are dutifully prohibited to take part in any activities in Mainland China.

The government's basic and firm policy of "no compromise, no contact and no negotiation" with the Peiping regime should be observed faithfully by all citizens, Chiu said.

The Chinese Taipei Table Tennis Association has formally applied for membership in the Asian Table Tennis Federation, Chiu said. However, he said, this fact does not imply that the CTTA will take part in the forthcoming competition in Shenchun.

INCIDENT OF MAINLAND CHINESE IN ROK TO BE RESOLVED

OW271707 Taipei CNA in English 1453 GMT 27 Jun 86

[Text] Taipei, June 27 (CNA) -- Foreign Ministry Spokesman Cheyne J.Y. Chiu said Friday that the incident involving 19 Mainland Chinese who made their escape to South Korea June 16 aboard a motorized junk in a bid to seek freedom, is expected to be solved "satisfactorily" soon.

Chiu made the remarks in a press conference held at the Government Information Office in the morning.

South Korean Assistant Foreign Minister Pak Su-kil announced Wednesday that if everything goes smoothly, his government will make public its principle in handling the case within this week.

Pak has also announced that his government will handle the case "in accordance with international law and practices as well as the principle of humanitarianism," Chiu said.

Chiu said the Republic of China Ambassador to Seoul Hsueh Yu-chi has been negotiating with the Korean authorities on this incident. "It is expected that the incident will come to a satisfactory solution very soon," Chiu said. However, Chiu refused to confirm a report that the ROC has expressed to the Korean Government that it does not want a third country to help handle the incident. "We have exchanged views with South Korea to make sure that both countries understand each other's stand on the issue," he said.

WEN WEI PO EDITORIAL ON SOVIET 12TH 5-YEAR PLAN

HK271241 Hong Kong WEN WEI PO in Chinese 27 Jun 86 p 2

[Editorial: "The Soviet Union Tries To Reform the Old Model -- Comment on the Soviet 12th 5-Year Plan"]

[Text] The "Soviet model" has seriously hindered the pace of Soviet industrial and agricultural development. Since the 27th CPSU National Congress, Gorbachev has stopped at nothing to promote the reform of the Soviet system.

Several days ago at a conference, the Supreme Soviet of the USSR adopted the Soviet 12th 5-Year Plan. This is an ambitious plan calling for the greatest amount of investment, development at full speed, and the adoption of high technology.

In these 5 years, national income is to increase by 124.2 billion rubles. For the last 5-year plan, there was an increase of only 79 billion rubles. The amount of investment is to be raised to 190 billion rubles, an increase of 95 percent over the last 5-year plan. The rate of use of new technologies will be doubled. The rate of depreciation for machinery, according to the new plan, will be greatly accelerated and raised 100 percent. The value of old machinery written off will reach 240 billion rubles.

In agriculture, emphasis will be put on the use of high technology. It is demanded that production be raised 160 percent in 5 years.

Due to heavy investment and high accumulation, the increase in consumer funds will be reduced. A rapid improvement of the people's living standard will suffer.

The new 5-year plan will focus on an attempt to cure the "Soviet disease." What are the symptoms of the "Soviet disease?" In sum, the central planning departments just hand down production targets and assess the performance of enterprises on the basis of output value. On the other hand, enterprises can have funds at their disposal for nothing and seek to increase output value and fulfill given targets by using extensive economic means such as adding to factory premises, using more workers, and increasing machinery. This process of operation does away with cost accounting and profit calculation. No attention is paid to the results of net value added to products. The interests of enterprise operators and production workers are separated from good or bad performance in the operation of enterprises. This practice covers up the true features of economic activities and allows passing off something fake as something genuine, making no distinction between right and wrong and following no clear-cut principle in matters of reward and punishment.

Many strange phenomena have appeared in the Soviet Union. Some enterprises have adopted new techniques, reduced costs, and turned out low-priced products. Because of reduced output value based on rubles, the relevant enterprise leadership is subject to criticism and suffers from a reduction in the amount of investment received.

Some enterprises have turned out bulky and heavy machines that waste raw materials and add to their costs. For a big increase in year-end output value, the relevant enterprise leadership is given rewards and promotions.

Many ridiculous situations have appeared in the Soviet Union. No one pays attention to the use of new technology. Machine products are based on the old patterns of 15 years ago. The iron ore extracted by the Soviet people every year is much more than what is obtained in the United States, but the quantity of machine products turned out is much smaller. There is also a large quantity of timber available, but the output of products processed from timber is very small. Especially in the 1970's, the rate of Soviet economic growth and the pace of its scientific and technical development slowed down. Based on Western national economic output value figures, the Soviet Union has not only been left far behind by the United States in economic strength, but Japan's national economic strength now matches the Soviet Union.

The Soviet reformists note that without basically curing the "Soviet disease," the Soviet Union will definitely fare worse and worse in its competition regarding international economic strength. In the 12th 5-Year Plan, the reformists have written seven prescriptions: 1) stressing high technology-intensive development and putting an end to extensive economic means adopted in the past such as one-sidedly building new factory premises, extending the capital construction front, and wasting the money invested; 2) encouraging enterprises to be responsible for their own profits and losses and to practice economic accounting, delegating decision-making power, and allowing enterprises to make production arrangements themselves; 3) two-thirds of old machinery no longer being repaired, with all energies concentrated on upgrading enterprise equipment, and focusing the national economy on the machine building industry and electronic automatic instruments, stimulating bureaus for their development; 4) practicing an open-door policy, strengthening trade with Western Europe and China, and stimulating economic and technical development; 5) changing the one-shift system in heavy industry-related factories to a two-shift more pay; 6) removing or replacing cadres unwilling to make reforms and lacking management expertise; and 7) having bank loans take the place of loans formerly obtained free.

The whole reform will do away with old management techniques and allow the introduction of new Western management experience. But the Soviet Union still does not dare to boldly practice a commodity economy. It is difficult to carry out the redistribution of power between central organs and enterprises and laborers, when duties are ill-defined. Can the "Soviet disease" be overcome? It seems that Soviet reformists will continue to encounter numerous obstacles ahead.

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